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RENMIN RIBAO ON STOCKHOLM DISARMAMENT CONFERENCE

HK250251 Beijing RENMIN RIBAO in Chinese 22 Mar 85 p 7

["Roundup" by RENMIN RIBAO reporter Liu Xumin: "A Difficult Meeting for Accomplishments"]

[Text] Stockholm, 21 Mar -- The fifth session of the Conference on Confidence-Building Measures and Security and Disarmament in Europe concludes on 22 March. The next session will be held on 14 May. The Conference on Disarmament in Europe has been in session for more than 1 year, and people still are haggling over the agenda. So far nothing substantive has been discussed.

The fifth session began on 29 January. The United States and six other NATO members have successively put forward six working documents in order to explain in detail the six proposals put forward by NATO at the opening ceremony. In addition, on 8 March, they presented to the conference a general document with the following main points: exchange of information on military strength, advance notification of military exercises and troop movements (including those involving 6,000 men or more or 3,000 Marines or more), the mutual stationing of observers, on-the-spot verification, and the establishment of a "hotline" between the countries attending the conference.

It is reported that NATO has spent 6 years formulating these six proposals. The proposals suggest that military exercises and troop movements between the Atlantic and the Urals should require advance notification. According to the Helsinki Final Act, military exercises and troop movements involving 25,000 men or more each should be reported in advance. However, the proposals have reduced the figure to 6,000 or more, thus arousing the resentment of the Soviet Union. The Soviet press has criticized the NATO countries for being enthusiastic about making specific military arrangements in an attempt to pry into the Soviet Union's military secrets, pin down its troops, and let the United States run wild.

Last year the Soviet Union and other Warsaw Pact members also put forward six proposals. They showed no interest in purely military measures. Instead, they suggested East and West should conclude a political treaty on abstaining from using force and from being the first to use nuclear weapons. The United States and the other NATO members are of the opinion that since the question of abstaining from using force was affirmed in the UN Charter and the Helsinki Final Act long ago, it would be pointless to discuss it again.

The Soviet Union and the other Warsaw Pact members have not yet formally reacted to the offensive launched by NATO at the conference. It is reported that the Soviet negotiators have complained that although President Reagan announced that the West will discuss the major proposals put forward by the Soviet Union at the Stockholm conference, however, to date there has not been the slightest suggestion that the West sincerely wants to seriously discuss them.

The neutral and nonaligned countries have been very active at the conference. They have been trying their best to mediate between the two major blocs of East and West in the hope of a compromise that takes into account the military factors considered by NATO as well as the political features in the proposals put forward by the Warsaw Pact countries. Some countries are of the opinion that the two supplement each other. Without the guarantee provided by specific military and technical measures, a treaty on abstaining from using force will come to nothing in the end.

At the conference, the Swedish delegates expressed their belief that an agreement that takes both things into account would be reached.

Observers here are of the opinion that there are great differences between East and West on the question of European disarmament and that it is hard to say for sure whether or not the Stockholm conference can lead to an agreement with which all parties are satisfied before next fall.

FOREIGN FIRMS AUTHORIZED TO SUBMIT OIL BIDS

OW221528 Beijing XINHUA in English 1509 GMT 22 Mar 85

[Text] Beijing, March 22 (XINHUA) -- By March 20, 38 foreign oil firms had been given the go-ahead to bid for oil exploration contracts in China's offshore zones, the China National Offshore Oil Corporation (CNOOC) announced here this afternoon.

The 38 oil companies, to participate in China's second round of bidding for Sino-foreign joint offshore oil exploration and development, break down to 15 American firms (including Exxon, Chevron, Texaco and Occidental), seven Japanese, four British, three Australian, two Canadian, two French, two Norwegian, one Brazilian, one Italian and one Spanish.

The second round of bidding was announced on November 22, 1984. The designated areas are part of the Pearl River mouth basin, the eastern part of the Yingge Sea which is some 20 km south of Hainan Island, and a third in the Yellow Sea north of Shanghai, totalling 106,300 sq km.

Foreign oil concerns which are interested in the Pearl River basin or Yellow Sea zones are required to tender their bids before July 1, 1985, and those which are interested in the eastern part of the Yingge Sea are required to make their offers before September 5 this year.

XINJIANG SEEKS INCREASED FOREIGN INVESTMENTS

OW221434 Beijing XINHUA Domestic Service in Chinese 0031 GMT 22 Mar 85

[By reporter Wang Youfu]

[Text] Urumqi, 22 Mar (XINHUA) -- Remote Xinjiang has established relations of economic cooperation with Japan, the United States, France, Italy, West Germany, Australia, Kuwait, and Hong Kong. By the end of last year, the entire autonomous region had started 14 projects with foreign capital totaling \$60 million. This year, 10 more projects have been started with foreign capital totaling \$50 million.

In opening itself to the outside world, Xinjiang -- a treasure land awaiting development -- has become more and more attractive to foreign businessmen because of its rich natural resources and bright prospect for future development. The Xinjiang Uygur Autonomous Regional People's Government recently drew up a series of favorable articles and provisions for economic and technological cooperation with foreign countries that give preferential treatment to foreign businessmen for the purpose of continuously expanding Xinjiang's technological and economic cooperation and contacts with foreign countries.

Earlier this year, Ismail Aymat, chairman of the autonomous regional government made a special trip to Hong Kong, where he announced 103 economic and technological cooperation projects seeking foreign capital by means of joint funding, joint management, reciprocal trade, foreign loans, or other methods. So far, several Hong Kong and Japanese firms have signed six economic and technological cooperation agreements with Xinjiang, which include the import of a motor vehicle maintenance and repair center, providing international charter airplanes, and purchasing motor vehicles and aircraft. Some U.S. firms also have sent delegations to Xinjiang to discuss economic and technological cooperation projects.

CHEN SUZHI SPEAKS AT AFRO-ASIAN WOMEN'S MEET

OW260258 Beijing XINHUA in English 0223 GMT 26 Mar 85

[Text] Baghdad, March 25 (XINHUA) -- A four-day Afro-Asian symposium on women's participation in economic development which ended here Sunday drew representatives from 30 countries to discuss women's social and economic status and employment. They also explored ways to give full play to the women's role in the economic development of the regions.

The symposium was sponsored by the Arab Labor Organization, the Organization of African Trade Union Unity and Iraqi Trade Union and Women's Association as part of the U.N.-sponsored "International Women's Year."

Representatives from various Asian and African countries stressed in their speeches the need to ensure legislatively the women's freedom from the outdated ideologies and equal work and pay with men in social production.

Chen Suzhi, member of the Presidium of the All-China Federation of Trade Unions, told the participants that the Chinese working women will cooperate with all the Third World working women to maintain world peace and national independence and will strive for national economic development as well as the creation of a new international economic order.

Recommendations published at the symposium pointed out that "the emancipation of women has become the main issue of society as a whole since our countries as developing ones need to invest all the available human resources to achieve growth."

"No real development of any society could be brought about without the participation of women in the economic activities," the recommendations added.

FURTHER ON 'CHINA REVISITED' TOUR BY JOURNALISTS

Yao Yilin Attends Dinner

OW221602 Beijing XINHUA in English 1549 GMT 22 Mar 85

[Text] Beijing, March 22 (XINHUA) -- A group of 19 veteran U.S. journalists were guests of honor at a buffet dinner hosted by their Chinese counterparts in the Great Hall of the People here this evening. Most of them worked in and reported on China in the thirties and forties. Today as they met again with their Chinese acquaintances at the dinner they happily exchanged greetings with each other in Chinese and English.

Joining them in the reunion were Vice-Premier Yao Yilin; Vice-Chairman of the National People's Congress Standing Committee Huang Hua and Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference Kang Keqing.

In his toast, Wu Lengxi, chairman of the All-China Journalists Association, thanked the guests for their outstanding contributions to the promotion of mutual understanding and friendship between the two countries. "The Chinese people will never forget your friendly sentiments towards them," Wu added. He said the Americans would find China vastly different from what it used to be in the days when they first came to know it.

Also present were George Hatem, Rewi Alley, and Sol Adler, who have all long been working in China. The dinner was jointly sponsored by Wu Lengxi and Liu Zunqi, adviser to the CHINA DAILY.

Group Meets Deng Liqun

OW251945 Beijing XINHUA in English 1459 GMT 25 Mar 85

[Text] Beijing, March 25 (XINHUA) -- Deng Liqun, member of the Secretariat and head of the Propaganda Department of the Chinese Communist Party Central Committee, met here this evening 19 veteran U.S. journalists on their China revisited program. Deng briefed the U.S. journalists, most of whom worked in or reported on China in the thirties and forties, on the reform of China's economic restructuring and ideological work during the reform.

Wu Lengxi, chairman of the All-China Journalists Association, was present on the occasion. The U.S. journalists are scheduled to visit Xian, Yanan, Chongqing and Shanghai after their stay in the Chinese capital.

ECONOMIST HENRY KAUFMAN MEETS SONG PING

OW221523 Beijing XINHUA in English 1439 GMT 22 Mar 85

[Text] Beijing, March 22 (XINHUA) -- Chinese State Councillor Song Ping today met and had a friendly conversation with Dr. Henry Kaufman, executive director of Salomon Brothers Inc., a leading stockbroking firm in the United States. Noted economist Kaufman and his party arrived here on March 20 as guests of the Bank of China. Yesterday Kaufman briefed leading figures in China's financial circles on interest rates and stock market trends worldwide.

RENMIN RIBAO COMMENTARY ON U.S. MIDEAST POLICY

HK260641 Beijing RENMIN RIBAO in Chinese 22 Mar 85 p 6

["Commentary" by staff reporter Zhang Liang: "The United States Has To Make a Choice in Its Middle East Policy"]

[Text:] After King Fahd of Saudi Arabia, Egyptian President Mubarak, and Jordanian Minister of Foreign Affairs al-Masri visited Washington in succession, the U.S. Government expressed its willingness to "study" the "possibility" of promoting the Middle East peace talks. The purpose of the visits to the United States by Arab state leaders like Fahd and other high-ranking officials was to urge the U.S. Government to play an "active part" in promoting the Middle East peace talks at a time when Jordan and the PLO were concluding an agreement and Mubarak was suggesting that the United States arrange direct talks between Israeli and Jordanian-Palestinian delegations.

At a series of talks, the United States indicated that it would investigate the possibility of a joint Jordanian-Palestinian delegation's participation in the peace process but demanded that the delegation should not consist the PLO members. The United States still insists that only when the PLO directly and openly recognizes the right of existence of Israel and accepts resolutions No 242 and 338 of the UN Security Council, will the United States get in touch with the PLO. The Reagan administration emphasized that the Arab countries should hold direct talks with Israel and indicated that the United States will not arrange any talks without Israel's participation. To reassure Israel, not long ago Secretary Shultz wrote to the Israeli prime minister saying that the United States would not change its stand. Foreign observers hold that the United States is taking a "negative" and "wait-and-see" attitude toward the peace initiative of the Arab countries because U.S. setbacks in Lebanon still remain fresh in Washington's memory, and, therefore, it dare not take the risk of "reappearing." Furthermore, due to the contradictions between the Arab countries and the differences of opinion in the Israeli Government regarding the peace talks, the United States holds that the conditions for all-round Middle East peace talks are not mature yet, and, therefore, it has adopted a more cautious stand with regard to Middle East affairs.

As everyone is aware, the fundamental cause of long-term unrest in the Middle East and the reason why the Palestine issue remains unsettled lies in the fact that the Israeli authorities pursue a policy hostile to the Arab people. Instead of stopping such a policy, the United States protects it, thus fostering Israel's arrogance.

On 12 March, disregarding the just voice of the international community, the United States vetoed the UN General Assembly's resolution to strongly condemn Israel's barbarous act of slaughtering civilians in southern Lebanon. Also, the United States continuously supplies military and economic aid to Israel. The White House bluntly claimed that the United States increased its military aid to Israel to enable Israel to "maintain its quantitative superiority" over the Arab countries. On the other hand, under the pretext of "studying in an overall manner" the relationships between arms sales and peace and stability in that region, the United States decided to stop its arms sales to the Middle East countries. Public opinion in the Arab countries maintains that if the United States does not adopt a just stand toward the Middle East issue, it will no longer enjoy the trust of the Arab world.

To show that the United States was not excessively negative toward the Middle East peace talks, U.S. Secretary of State Shultz announced on 16 March that the United States had decided to send Assistant Secretary of State Murphy to Israel, Egypt, Jordan, and Saudi Arabia to investigate the possibility of resuming the Middle East peace talks. He added that the United States will do its best to maintain the peace trend in the Middle East. However, people believe that if the United States wants to play its role in the Middle East peace talks, it must keep abreast of current events, abandon its wrong policy of bias toward Israel, and urge Israel to return the section of Arab territory it occupied in 1967. Otherwise, the United States will still remain a stumbling block to realizing peace in the Middle East.

ARTICLE ON STRATEGIC IMPORTANCE OF CAM RANH BAY

HK201520 Beijing SHIJIE ZHISHI in Chinese No 6, 16 Mar 85 p 28

[Article by Han Fang: "Cam Ranh Bay -- The Soviet Union's Forward Base"]

[Text] The Soviet Union is permitted to use the port of Cam Ranh Bay according to the "USSR-Vietnam friendship and cooperation treaty" signed in November 1978. The harbor at Cam Ranh Bay covers an area of more than 100 square kilometers. As a result of the Soviet Union's endeavor in the past few years, the port now possesses complete berthing, supply, and maintenance facilities for floating naval vessels and submarines, a large multi-runway airport for various warplanes, and the related combat command, intelligence, reconnaissance, telecommunications, logistics, and supply facilities.

At present, stationed in Cam Ranh Bay is a naval task element subordinate to the Soviet Pacific Fleet comprising about 30 vessels, including guided missile cruisers, guided missile destroyers, escort vessels, landing ships, submarines, and supply vessels. At first the Soviet air units stationed in Cam Ranh Bay were only equipped with TU-95 long-range reconnaissance planes and TU-142 submarine-killer patrol planes. Then, in 1983 and 1984, TU-16 intermediate-range bombers and MIG-23 fighter-bombers were deployed separately. Thus, the base's air assault force and its ability to support the Navy were strengthened. Today, Cam Ranh Bay serves as one of the Soviet Union's essential forward bases.

In the event of war, Soviet naval and air units stationed in Cam Ranh Bay can set off eastward and, in cooperation with the Soviet forces stationed in bases at home, launch a two-pronged attack from the southern and northern flanks against the U.S. 7th Fleet and the U.S. military installations in the Western Pacific. By moving southward the Soviet units in Cam Ranh Bay can promptly seize the Strait of Malacca, the strategic passage linking the Pacific Ocean and the Indian Ocean, and thus cut off the oil supply line to Japan, as well as the link between the U.S. fleets deployed in the two oceans. By moving northward, these units can blockade China by sea and launch a joint converging attack on the country, with the Soviet ground forces stationed along the Sino-Soviet border moving down from the north. And, finally, by moving westward, the Soviet units from Cam Ranh Bay can enter the Indian Ocean and the Gulf region, join forces with the Soviet Black Sea Fleet, and surround Europe from its flank.

Thus the Soviet Union's forces on the eastern, western, and southern fronts can be linked together. Therefore, by keeping Cam Ranh Bay under its control, the Soviet Union has substantially raised the strategic maneuverability of its forces. This has not only strengthened its strategic posture in the Asian-Pacific region but is also of great significance to its global strategic deployment.

PRC-USSR RIVER NAVIGATION GROUP HOLDS TALKS

OW221512 Beijing XINHUA in English 1451 GMT 22 Mar 85

[Text] Moscow, March 22 (XINHUA) -- The 27th session of the Sino-Soviet Joint Commission for Navigation on Boundary Rivers, which opened on March 6, ended at the Soviet border town of Blagoveshchensk today.

Agreements were reached at the confab on most of the subjects discussed, which included channels, navigation business and bilateral exchanges on the boundary rivers Heilong Jiang, Wusuli Jiang and Argun. Heads of the Chinese and Soviet delegations signed the minutes of the meeting.

Both sides agreed to hold the 28th session of the commission in Harbin, China, with the date left open for later discussion.

PRAVDA URGES 'DISCARD' OF UNREALISTIC THEORIES

OW241753 Beijing XINHUA in English 1642 GMT 24 Mar 85

["New Policy of Realism Expounded in PRAVDA" -- XINHUA headline]

[Text] Moscow, March 23 (XINHUA), -- A front-page article in PRAVDA yesterday urged the Soviet people to discard theories that do not stand up to actual experience.

The article, titled "The Realism of the Policies of the Communist Party of the Soviet Union", stressed that "the scientific concept of social leadership presupposes continuity in policies." Yet one must "bring up new problems on the basis of practices and real life."

It went on to say, "Lenin firmly declared that it was necessary to correct and to revise conclusions and estimations that have not withstood the test of reality and that have become an obstacle in the implementation of prescribed tasks."

The realism of the policies of the party, however, does not mean pragmatism or any departure from communism, it added.

However, it said, "Leninist style of work is one of realistic creativity, and is one based on the scientific approach toward social progress." This style is conscientious, specific, strict and businesslike, it added.

Therefore, it said, the Soviet people must combat "formalism, bureaucracy, false appearances at all levels and idle talk."

The article called for solid progress in the intensification of social production and improvement of economic results and in the perfection of the economic mechanism and management.

Observers here noted that this is the first theoretical article published by PRAVDA since Mikhail Gorbachev became general secretary of the Communist Party of the Soviet Union.

KCNA REPORT ON S. KOREAN KIM TAE-CHUNG NOTED

SK250943 Beijing International Service in Korean 1100 GMT 24 Mar 85

[Text] According to KCNA, South Korea's renowned democratic figure Kim Tae-chung and former New Democratic Party President Kim Yong-sam issued a joint statement the other day urging the authorities concerned to free all political prisoners and guarantee their political freedom and rights. In the statement they demanded that the authorities concerned should take measures before a National Assembly session is convened in mid-April so as to guarantee the freedoms of labor and student movements. Kim Tae-chung and Kim Yong-sam pledged to make a joint effort to realize the democratization of society.

CULTURAL EXCHANGE PROGRAM SIGNED WITH DPRK

OW252249 Beijing XINHUA in English 1834 GMT 25 Mar 85

[Text] Pyongyang, March 25 (XINHUA) -- A cultural exchange program between China and the Democratic People's Republic of Korea for 1985 and 1986 was signed here today. Chinese Deputy Minister of Culture Lu Zhixian and Vice-Chairman of the Korean Committee for Foreign Cultural Relations O Mun-han signed the document, which calls for exchanges in the fields of science, education, culture and arts, the press and sports. More than 140 such exchanges took place over the last two years.

Kim Kwan-sop, chairman of the Committee for Foreign Cultural Relations and Chinese Charge d'Affaires ad Interim to Pyongyang Wu Liangpu, attended the signing ceremony. Kim Kwan-sop also gave a banquet today to welcome the Chinese cultural delegation which arrived here last Friday.

HU QILI MEETS WITH JAPANESE YOUTH DELEGATION

OW252321 Beijing XINHUA in English 1440 GMT 25 Mar 85

[Text] Beijing, March 25 (XINHUA) -- Hu Qili, member of the Secretariat of the Chinese Communist Party Central Committee expressed the hope here today that the Sino-Japanese friendship would be carried on by the younger generation. Hu said this in a meeting here this afternoon with more than seventy Japanese youth and children sent by the Tokyo Junior Chamber Inc.

During the meeting, Hu said that people of the older generation in both China and Japan cherished the Sino-Japanese friendship, which had not come easily. He hoped that youngsters of both countries would build their mutual trust through exchanges and continue the Sino-Japanese friendship from generation to generation. "The exchanges between Chinese and Japanese youth and children is of great importance," he added.

Hitoki Hattori, head of the Japanese group, also remarked that friendly exchanges between the two countries were of great importance to peace of both countries and the world.

ZHAO AFFIRMS SUPPORT OF SIHANOUK-LED FORCES

OW251617 Beijing XINHUA in English 1554 GMT 25 Mar 85

[Text] Beijing, March 25 (XINHUA) -- Chinese Premier Zhao Ziyang said here today that the struggle in Kampuchea had swung in favor of the resistance forces and not of Vietnam after the seventh dry-season offensive recently launched by the latter.

"Such a general trend remains unchanged," the premier noted in his toast at a dinner here tonight in honor of President Norodom Sihanouk of Democratic Kampuchea, and Madam Sihanouk.

Zhao said that to safeguard world peace and human progress, the Chinese Government strongly condemned the crimes committed by the Vietnamese aggressor troops in Kampuchea and firmly supported the just struggle of the three Kampuchean patriotic forces led by Sihanouk.

He expressed the belief that the just cause of the Kampuchean people would result in final victory, while the Vietnamese aggressors were doomed to defeat.

Although Vietnam had concentrated a large number of troops in an attempt to annihilate the resistance forces during its current dry-season offensive, Zhao said, it had failed to and could never realize its purpose.

On the contrary, he said, Hanoi further exposed its scheme to permanently occupy Kampuchea and legalize the puppet regime of Heng Samrin, thus isolating itself further internationally.

At the same time, the heroic resistance of the patriotic Armed Forces and people of Kampuchea has won worldwide praise, Zhao added.

In his reply, Sihanouk reiterated that the Kampuchean patriots were fighting for an independent, peaceful, neutral and nonaligned Kampuchea. "We will never allow Kampuchea to become a vassal state of Vietnam," he pledged.

On Hanoi's recent statement about its willingness to settle the Kampuchean question, Sihanouk said that the aggressors did not have the sincerity to pursue a just solution of the Kampuchean issue. The patriotic people of Kampuchea would never lay down their arms, although Vietnam was trying to trick them into doing so.

He said that after their heroic stand against the Vietnamese onslaught, the resistance forces had gone voluntarily into the hinterland to carry on guerrilla warfare, while still maintaining some bases for future struggle.

Also present at the banquet were Vice-Chairman Ngapoi Ngawang Jigme of China's National People's Congress Standing Committee, State Councillor and Foreign Minister Wu Xueqian and Ambassador of Democratic Kampuchea to China Chan Youran.

XINHUA HONG KONG DIRECTOR VIEWS MAINLAND TIES

HK230726 Beijing JINGJI RIBAO in Chinese 20 Mar 85 p 2

[Report: "Xu Jiatur on Need To Strengthen Exchanges Between Hong Kong and the Interior"]

[Text] On 14 March at a tea party held to celebrate the establishment of the Shenzhen branch of this newspaper and the XINHUA NEWS AGENCY's center in the city, Xu Jiatur, director of the Hong Kong branch of the XINHUA NEWS AGENCY, was invited to make an impromptu speech. He aired important views on the need to strengthen exchanges between Hong Kong and the interior and other problems.

Xu Jiatur said: At present "Hong Kong fever" and "China fever" are taking off. The integration of these two kinds of fever will have an important influence on Hong Kong and the interior of China.

While talking about promoting economic links between the interior and Hong Kong, Xu Jiatur said: The interior does not understand Hong Kong sufficiently, and vice versa. In the future they should strengthen mutual exchanges, establish relations of mutual trust and mutual reliance, and further enhance their cooperation. He recalled that when he was working in Jiangsu, he knew little about Hong Kong. When he first started working in Hong Kong, his knowledge of the territory was superficial. He stressed that newspapers in the interior and Hong Kong should play a better role in enhancing mutual understanding. In particular, JINGJI RIBAO should play a greater role in this respect. He also hopes that the newspaper will become a bridge economically linking the interior and Hong Kong and serving the four modernizations program of the motherland in a better way.

Xu Jiatur added that in the future he would study more economic problems in Hong Kong. He greatly values the skills of Hong Kong in this respect. He suggested that training classes be run in Shenzhen and that qualified personnel from Hong Kong be invited to give lectures. Some people say that we should learn from the administrative management of Hong Kong, but it is more important for us to learn from the business management of Hong Kong. Hong Kong people have good methods for doing business that the interior should learn from.

Xu Jiatur spoke affirmatively of his confidence in the success of China's four modernizations program. He said: The economy of Japan and Federal Germany greatly developed during the 20 to 30 years after the war. The economy of Hong Kong, Singapore, and others has advanced in the last 10 to 20 years. Strictly speaking, Hong Kong has attained greater development only since 1975.

China has a vast territory and abundant resources. It is a country abounding in natural wealth. Under the correct leadership of the CPC Central Committee and the State Council, as long as our policy is correct and we can maintain stability, we believe that we will make greater progress in the coming 20 years. Actually, during the 6 years since the convening of the 3d Plenary Session of the 11th CPC Central Committee, the economic situation in China has changed greatly.

Xu Jiatur then said: Due to the implementation of the guiding principle of "carrying out the policies of opening to the outside world and enlivening the domestic economy," China is being turned from a potential market into a real market.

A few years ago when China was first opened to the outside world, many foreign businessmen believed that China was a very big market, and they all hoped that they would have a share in the market. However, at that time not many of them succeeded in completing business transactions with China. At present, with the occurrence of the favorable situation in opening China to the outside world and reforming its economic structure, "China fever" is again in the making. Last year, Japan and the surrounding areas got big orders from China for television sets, cars, chemical industrial products, and others. When China's potential market is brought into full play, it will be truly attractive.

Xu Jiatun said: Some Japanese have divided China into south China and north China. They believe that south China has developed faster than north China. There is no need for us to comment on whether their view is correct or not. However, it is true that we should use Hong Kong to develop south China. Consortiums from the United States and Western Europe are also making use of Hong Kong as a base for entering south China. Last year, consortiums from Great Britain also began to pay attention to the role of Hong Kong. The stable political situation in the interior of China and its economic prosperity will surely bring about a still better situation in Hong Kong.

The tea party was held in the office building of the Shenzhen City CPC Committee and the city government. The building is facing Luo Hu. Pointing to the view outside the window, Xu Jiatun said earnestly: Shenzhen and Hong Kong are separated by a river, and they have very close relations. Shenzhen and the interior should make more efforts to strengthen their exchanges with Hong Kong in terms of qualified personnel, knowledge, and information. Without such exchanges, it will be impossible to promote mutual reliance and mutual cooperation. Xu Jiatun's speech drew loud applause from the audience.

THAI CIVIL AFFAIRS MINISTER MEETS PRC OFFICIALS

Cui Naifu Hosts Dinner

OW232000 Beijing XINHUA in English 1616 GMT 23 Mar 85

[Text] Beijing, March 23 (XINHUA) -- Chinese Minister of Civil Affairs Cui Naifu hosted a dinner here tonight for Opas Polasilp, deputy minister of interior of Thailand, and his party.

The Thai visitors arrived here this afternoon at the invitation of the Chinese Ministry of Civil Affairs to study China's welfare work and agricultural development.

Visitors Meet Ye Fei

OW251303 Beijing XINHUA in English 1240 GMT 25 Mar 85

[Text] Beijing, March 25 (XINHUA) -- Vice-Chairman Ye Fei of the National People's Congress Standing Committee met here this afternoon Opas Polasilp, deputy minister of interior of Thailand, and his party.

During the meeting, Ye expressed the hope that civil affairs departments of the two countries could further their friendly contacts on the basis of the ever-growing Sino-Thai friendship.

Chinese Minister of Civil Affairs Cui Naifu was present at the meeting.

XINHUA ANALYZES PAKISTAN ELECTION RESULTS

OW221835 Beijing XINHUA in English 1536 GMT 22 Mar 85

["News Analysis: Pakistan's Hopes for Democracy" -- XINHUA headline]

[Text] Islamabad, March 22 (XINHUA) -- The elected National Assembly and the Senate of Pakistan will meet tomorrow in the capital in a joint inauguration session at which President General Ziaul Haq will be sworn in [words indistinct] elected president of Pakistan for a five-year term. This constitutes a major step toward the ultimate lifting of martial law and toward real democracy in the country.

Pakistan's 1985 general elections were conducted in line with the peoples' aspirations for civilian government in the country. They want the transition to be peaceful and evolutionary, so that the country can preserve its national integrity and promote political stability and economic progress. To ensure orderly elections, the Pakistan Government made careful arrangements. Public meetings and political processions were banned and precautionary measures taken. As many [words indistinct] officials and staff were dispatched throughout the country for the polls. Polling stations were guarded by the police with the assistance of the Armed Forces. Moreover, the government had put hundreds of political party leaders and activists engaged in sabotage and incitement under temporary detention or house arrest, thus rendering the opposition parties helpless.

The basic cause of the successful elections lies in the sustained social tranquility and steady economic development of the country over the past eight years. Having achieved an economic growth rate of 4.5 percent during the Fifth Five-Year Plan Period (1978-83), Pakistan is expected to exceed the target of 6.5 percent G.D.P. growth in the first two years of the Sixth Five-Year Plan. The output of three major crops of cotton, rice and wheat is sure to hit an all-time high in the current fiscal year (July 84-June 85). The elections, the third of their kind since Pakistani independence, proceeded smoothly. Opposition parties' calls for a boycott apparently failed. Despite a brisk and hectic election campaign that lasted forty days, and polling that proceeded in an enthusiastic manner, law and order were maintained all along. Despite minor incidents in the hinterland of Sind Province, which resulted in death or injury to a few dozen people, the peaceful situation in the country was as a whole not disturbed. There was no serious chaos, violence or vote rigging.

Conducted on a non-party basis, the elections recorded a higher turnout than expected. 53 percent of eligible voters above the age of 21 went to the polls for the National Assembly and 57 percent of the voters turned out for provincial assemblies' polling. After the general elections, Pakistan may face two issues on which divergent views would develop among different quarters of people. They are the constitutional amendments and the future role of political parties.

Along with the progress of the election, President Zia announced amendments to the 1973 Constitution on March 2 by which the powers of the President are greatly enhanced. Mr. Zia considers this necessary for striking a balance of power between the president and the prime minister so that the president would not be powerless in dealing with an emergency situation.

But the opposition leaders contend that the amended constitution makes for a "modified martial law" and "actually amounts to abrogation of 1973 Constitution." The question of constitutional amendments to the 1973 Constitution is likely to generate a heated debate in the House. But most likely, the amendments will remain as promulgated by President Zia as he apparently commands a majority of the members of the National Assembly.

The second important question to be faced by the newly-elected members relates to the revival of political parties. The president has stated on several occasions that the question should be decided by the National Assembly. He believes, however, that there is only one party of God in Islam and that the opposition has no place in Pakistani society. But many people, including some of the National Assembly members consider revival of political parties as essential for democracy. They want to have this issue debated in the house. This debate will be of crucial significance for the future course of politics in the country. There is, however, a positive hope among the people that the government would be able to solve political and economic problems of the country, ensure stability and bring about early lifting of martial law to fulfill the democratic process.

LI XIANNIAN SENDS GREETINGS TO BANGLADESH

BK251323 Beijing in Bengali to India and Bangladesh 1530 GMT 24 Mar 85

[Text] In a message of greetings sent today to Bangladesh President Hussain Mohammad Ershad on the occasion of the 14th anniversary of the Independence Day of Bangladesh, Chinese President Li Xiannian has expressed the hope that the existing friendly ties between the governments and the peoples of China and Bangladesh will be further strengthened.

In the message, President Li Xiannian said that, on this happy occasion of the 14th anniversary of Independence Day for the People's Republic of Bangladesh, we wish to convey to you and through you to the friendly government and people of Bangladesh sincere greetings on behalf of the government and the people of China and also on our own behalf. We have noted with pleasure that, under your leadership, the government and the people of Bangladesh have achieved special successes in the past year in containing floods and increasing production. In different international affairs, Bangladesh is playing an active role by following [words indistinct] in the restoration of peace and stability in South Asia.

New progress has been made in the past year in the field of cooperative relations between China and Bangladesh. We firmly believe that there is sufficient scope to expand further these good relations through the joint efforts of the governments and the peoples of China and Bangladesh.

We extend our good wishes for the friendship, peace, and happiness of the people of the People's Republic of Bangladesh and also for your good health and success in your work.

ZHU MUZHI FETES SRI LANKAN CULTURE MINISTER

OW252106 Beijing XINHUA in English 1605 GMT 25 Mar 85

[Text] Beijing, March 25 (XINHUA) -- Chinese Minister of Culture Zhu Muzhi hosted a dinner here tonight for a cultural delegation from the Sri Lankan Government led by Minister of Cultural Affairs Edwin Lok Bandara Hurulle. In their toasts, the two ministers wished further enhancement for cultural exchanges and cooperation between the two countries. Before the dinner, the two ministers signed an implementation program of the cultural cooperation agreement between China and Sri Lanka for the period 1984-1985. Sri Lankan Ambassador to China K.N. Samarasinghe was present on the occasion. The Sri Lankan delegation came here last Saturday at the invitation of the Chinese Ministry of Culture.

FURTHER ON ITALIAN FOREIGN TRADE MINISTER'S VISIT

Zheng Tuobin Hosts Banquet

OW221646 Beijing XINHUA in English 1630 GMT 22 Mar 85

[Text] Beijing, March 22 (XINHUA) -- A banquet was given here this evening by Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin for the visiting Italian Minister of Foreign Trade Nicola Capria, Mrs Capria and their party.

In their toasts, the two ministers expressed their satisfaction over the talks they held this morning and hoped the Sino-Italian economic and trade relations would be further consolidated.

Raffaele Marras, Italian ambassador to China, was present.

Zhao Meets Minister

OW231554 Beijing XINHUA in English 1519 GMT 23 Mar 85

[Text] Beijing, March 23 (XINHUA) -- A strong China and thriving Europe are factors to safeguard peace and curb wars, said Chinese Premier Zhao Ziyang here today.

Speaking to Italian Minister of Foreign Trade Nicola Capria at Zhongnanhai this afternoon, Zhao stressed that it was China's consistent policy to regard the nations of the European Community, including Italy, as important trading partners of China.

Capria said, in recent years relations between China and Italy, and between China and the European communities had been reinforced. China's growing economy would guarantee world peace, he added. He noted that both Italy and China had cooperated well politically and economically, and the Italian Government wished to consolidate and strengthen bilateral relations.

Premier Zhao said bilateral cooperation between the two countries was getting better and better. "We hope to keep up this momentum," he said.

Zhao said China had numerous small and medium-sized enterprises which have shown great vigor in enlivening its economy. These enterprises should be armed with new technology, he noted.

He said he wished to see a new growth of cooperation between the two countries in these fields and to propel bilateral trade and cooperation.

Also present at the meeting were Zheng Tuobin, minister of foreign economic relations and trade, and Italian Ambassador to China Raffaele Marras.

Wu Xueqian Receives Capria

OW231828 Beijing XINHUA in English 1635 GMT 23 Mar 85

[Text] Beijing, March 23 (XINHUA) -- The desire for safeguarding world peace and easing international tension shared by China, Italy and other European countries has become the political basis for China and Italy developing their economic relations and trade.

Chinese State Councillor and Foreign Minister Wu Xueqian made this remark at a meeting with Italian Minister of Foreign Trade Nicola Capria here this afternoon. He noted that both China and Italy enjoy excellent relations, and their governments also share identical views on safeguarding world peace.

Wu also said he appreciated Italy's positive attitude towards developing its economic relations and trade with China.

Capria said Italy spoke approvingly of China's policy of independence and peace in international affairs.

The two also exchanged views on matters of common interest. Italian Ambassador to China Raffaele Marras was present on the occasion.

Cooperation Summary Signed

OW 251425 Beijing XINHUA in English 1324 GMT 25 Mar 85

[Text] Beijing, March 25 (XINHUA) -- A summary on the third session of the Sino-Italian economic cooperation mixed committee was signed here this afternoon.

The summary was signed by Zheng Tuobin, minister of foreign economic relations and trade, and Nicola Capria, Italian minister of foreign trade, who is leading a delegation attending the session.

According to the summary the two countries will sign a contract on technical cooperation in production of light-duty trucks in Nanjing City. The two sides reached agreements in principle on some other cooperative projects.

The two sides exchanged views on cooperation in the fields of energy, transportation, technical reform of the existing enterprises and training of personnel in specific fields.

During the second plenary session of the mixed committee this afternoon, the two sides discussed concrete problems concerning bilateral economic relations and trade.

CPC SENDS MESSAGE TO HUNGARIAN PARTY CONGRESS

OW250108 Beijing XINHUA in English 0100 GMT 25 Mar 85

[Text] Beijing, March 25 (XINHUA) -- The Central Committee of the Communist Party of China (CPC) today sent a congratulatory message on the opening of the 13th National Congress of the Hungarian Socialist Workers' Party (HSWP).

The message reads:

Dear Comrades,

The Central Committee of the Communist Party of China (CPC), on behalf of all CPC members and the Chinese people, extend warm congratulations to the 13th Congress of the Hungarian Socialist Workers' Party and, through the congress, to all HSWP members and the Hungarian people.

With a glorious revolutionary tradition, the Hungarian people have achieved great successes in socialist construction under the leadership of the Hungarian Socialist Workers' Party. The Chinese people are glad for every victory you gain. We sincerely wish the Hungarian Socialist Workers' Party greater achievements in leading the Hungarian people to build Hungary into a prosperous country and safeguarding world peace.

POLISH VICE PREMIER TO VISIT PRC 'THIS MONTH'

OW220922 Beijing XINHUA in English 0823 GMT 22 Mar 85

[Text] Warsaw, March 21 (XINHUA) -- The Polish Government is to increase diplomatic exchanges with many countries in the first half of this year, official spokesman Jerzy Urban said here today.

Urban told a press conference that in the wake of Premier Wojciech Jaruzelski's recent tour of Bulgaria and India, Vice-Premier Janusz Obodowski will visit the People's Republic of China this month and discuss ways to expand cooperation in economic and other fields with Chinese leaders. Currently, the spokesman said, a delegation of the Polish Metallurgical and Mechanical Ministry is touring China and the first meeting of the Polish-Chinese Cooperative Committee of Economy, Trade and Science and Technology is to open in Beijing soon.

Vice-Premier Mieczyslaw Rakowski is expected to visit Hungary and other Polish leaders will tour Cuba and Greece, Urban said.

In the meantime, the spokesman added, Poland is to receive foreign ministers of the Democratic People's Republic of Korea, Britain, Belgium and Spain.

ZHAO ZIYANG MEETS WITH GUINEAN DELEGATION

OW231612 Beijing XINHUA in English 1540 GMT 23 Mar 85

[Text] Beijing, March 23 (XINHUA) -- Chinese Premier Zhao Ziyang reaffirmed here today that China regards its continuously growing cooperation with African and other Third world countries as the axis of its foreign policy. He told this to a government delegation from the Republic of Guinea, led by Facine Toure, minister of state for foreign affairs and international cooperation, here this afternoon. Zhao noted the progress in friendly relations with Guinea's new government, and also sent his thanks to Guinean President Lansana Conte for his commitment to promoting such relations. Zhao asked Toure to convey the cordial greetings of Chinese President Li Xiannian, and his own, to President Conte, and also renewed President Li's invitation to Conte asking him to visit China at his convenience.

During the meeting Toure handed Premier Zhao a letter from President Conte to President Li. Toure said China's assistance to the Third World countries are "unselfish and fruitful." "The Chinese people's sentiments towards the Guinean people are always in our hearts," he said. He said the delegation had had very good talks with the Chinese side. "We will leave here for home with satisfaction," he added.

Zhao said China would continue to render its assistance to Guinea. "We are also willing to explore new avenues and forms of cooperation with Guinea. We are convinced that the political relations and economic and technological cooperation between the two countries will be further developed," he said. Zhao noted the Guinean Government's recent policy readjustments, adding that China appreciated Conakry's sensible domestic and foreign policies. He said, "Although your country still faces some difficulties, we believe that your policy will continue to be implemented and produce good results".

ZHAO HOLDS TALKS WITH SIERRA LEONEAN PRESIDENT

OW260657 Beijing XINHUA in English 0646 GMT 26 Mar 85

[Text] Beijing, March 26 (XINHUA) -- Chinese Premier Zhao Ziyang and visiting Sierra Leonean President Siaka Stevens expressed satisfaction here today over the development of bilateral relations. In talks this morning, they also discussed international issues, on which they held identical or similar views, said sources close to the meeting. Zhao said the current situation in Kampuchea continued to develop favorably to the Kampuchean people and resistance forces. The three patriotic forces of Democratic Kampuchea, he said, were even more united and had won international public sympathy and support. Occupation of Democratic Kampuchea army camps would only impose a heavier burden on the Vietnamese aggressors, he pointed out. Zhao also spoke of the issues of world peace, disarmament, the African situation and Sino-U.S. and Sino-U.S.S.R. relations.

President Stevens said big powers had always tried to intervene in the internal affairs of other countries. Without their intervention such issues as Namibia and the Middle east would long have been solved, he said. He also showed concern over whether the disarmament talks between the United States and the Soviet Union could bear fruit. Both said they should try to diversify bilateral cooperation and stressed the importance of South-South cooperation.

Zhao thanked President Stevens for striving to develop Sino-Sierra Leonean friendship and President Stevens expressed his thanks for China's assistance and support to Sierra Leone. Also present at the talks were Chinese State Councilor and Foreign Minister Wu Xueqian and Foreign Economic Relations and Trade Vice-Minister Lu Xuejian, Sierra Leonean Ambassador K.B. Aubee and the president's entourage.

THIRD SESSION OF SIXTH CPPCC COMMITTEE OPENS

Lu Ping Holds Press Conference

OW250739 Beijing XINHUA in English 0728 GMT 25 Mar 85

[Text] Beijing, March 25 (XINHUA) -- China's leading political consultative body will further tap its talent pool to serve the country's economic construction and urban economic reform, a senior official of the organization said at a press conference here today.

Lu Ping, deputy secretary-general of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), said it would give fuller play to the expertise of the many specialists, scholars and professors in the organization.

Since the previous session held last May, he said, they had made over 1,400 proposals on the development of industry, agriculture, culture and education as well as the service industry in the cities.

These proposals had drawn attention from government departments and many of them had been accepted, Lu said.

Briefing reporters on the Third Session of the Sixth CPPCC National Committee opening this afternoon, Lu said 41 members had died or resigned since the last session.

Forty new members had been elected to the National Committee by way of consultation, 70 percent of them being members of non-communist democratic parties or individuals with no party affiliation, he added. [A similar report by XINHUA Domestic Service in Chinese at 0733 GMT on 25 March adds that this session is expected to last 12 days.]

The press conference was attended by over 100 foreign and Chinese journalists.

Deng Yingchao Presides

OW252335 Beijing XINHUA Domestic Service in Chinese 1249 GMT 25 Mar 85

[Text] Beijing, 25 Mar (XINHUA) -- The Third Session of the Sixth National Committee of the Chinese People's Political Consultative Conference opened in the Great Hall of the People this afternoon.

Deng Yingchao, chairman of the National CPPCC Committee, presided over the opening ceremony. Seated on the rostrum were Vice Chairmen of the National CPPCC Committee Yang Jingren, Liu Lantao, Lu Dingyi, Cheng Zhua, Kang Keqing, Pagbalha Geleg Namgyal, Hu Ziang, Qian Changzhao, Dong Qiwu, Tao Zhiyue, Yang Chengwu, Xiao Hua, Chen Zaidao, Lu Zhengcao, Zhou Peiyuan, Burhan Shahidi, Miao Yuntai, Wang Guangying, Deng Zhaoxiang, Fei Xiaotong, Zhao Puchu, Qu Wu, Ba Jin, Ma Wenrui, Mao Yisheng, and Liu Jingji.

Peng Zhen, Ulanhu, Xi Zhongxun, Yang Shangkun, Yang Dezhi, Yu Qiuli, Zhang Tingfa, Hu Qiaomu, Ni Zhifu, Yao Yilin, Chen Muhua, Deng Liqun, Chen Pixian, Qiao Shi, Bo Yibo, and others attended the session, and warmly approved the convocation of the session.

At 1400, Deng Yingchao announced the opening of the Third Session of the Sixth National CPPCC Committee. The band struck up the national anthem. During the 10 months since the Second Session of the Sixth National CPPCC Committee, China's patriotic united front has been further expanded, and new developments have been made in CPPCC work. At today's opening ceremony, all CPPCC members were filled with joy, and the entire session was imbued with a warm atmosphere of unity.

In her speech, Deng Yingchao said: This is the first year in which China is implementing the decision on reforming the economic system. The CPPCC must continue to play its role in political consultation and democratic supervision, and resolutely assist the CPC and the government in ensuring the success of the initial steps to realising economic reform. Our tasks are glorious and arduous. It is hoped that all CPPCC members will contribute their ideas to economic reform, and to the fulfillment of the three cardinal tasks in the 1980's and 90's. By doing so, this session of ours will certainly succeed.

Deng Yingchao said: There were 2,030 members at the Sixth National CPPCC Committee. Thirty-eight members have died since the Second Session of the Sixth National CPPCC Committee. After consulting various departments concerned, the Eighth Session of the Sixth CPPCC Standing Committee decided to add 40 members. She said: Now, the National CPPCC Committee has a total of 2,025 members. A total of 1,750 members have registered for the session. Attending today's session were 1,673 members. She said: According to the CPPCC Constitution, the plenary session is to be held by the Standing Committee, and the secretary general of the National CPPCC Committee is the secretary general of the session.

Presided over by Liu Lantao, vice chairman of the National CPPCC Committee, participants at the session adopted the session's agenda and program. The session's main agenda is to hear the report on the work of the Standing Committee of the Sixth National CPPCC Committee, a report on implementing certain policies, and one to be submitted by the Proposals Handling Committee of the Sixth National CPPCC Committee on how proposals have been handled since the Second Session of the Sixth National CPPCC Committee; to attend the Third Session of the Sixth NPC as observers; to elect additional Standing Committee members and vice chairmen of the Sixth National CPPCC Committee; to adopt the various resolutions passed by the Third Session of the Sixth National CPPCC Committee; and to adopt the report by the Proposals Handling Committee on how proposals are being examined by the Third Session of the Sixth National CPPCC Committee. Liu Lantao said: This session's agenda will not only include group or joint group discussions, but also hear the views of the participants on two different occasions. Special arrangements have also been made to let the CPPCC members speak up at the closing session. The members may issue either verbal or written statements at the group or joint group meetings, or at the general session, to make our session even more lively. All this will provide the members with a greater opportunity to fully express their views.

Entrusted by the Standing Committee of the Sixth National CPPCC Committee, Hu Ziang, vice chairman of the National CPPCC Committee, delivered a work report by the Standing Committee at today's session.

Vice Chairman Yang Jingren, vice chairman of the National CPPCC Committee, delivered a report on implementing certain policies. Xiao Hua, another vice chairman of the National CPPCC Committee, delivered a written report on how motions have been handled since the Second Session of the Sixth National CPPCC Committee.

Also attending the session on invitation were Wang Ping, Wang Shoudao, He Changgong, Chen Xilian, Huang Huoqing, Xu Deheng, Peng Chong, Wang Renzhong, Zhu Xuefan, Ngapoi Ngawang Jigme, Bainqen Erdini Qoigyil Gyaincain, Seypidin Aizezi, Zhou Gucheng, Yan Cizi, Ye Fei, Liao Hansheng, Han Xianchu, Tian Jiyun, Kang Shien, Zhang Aiping, Song Ping, Hong Xuezhi, Zheng Tianxiang, and Yang Yichen. Peng Youjin, secretary general of the CPPCC National Committee, and members of its Standing Committee, also sat on the rostrum.

Attending today's session as observers were deputy secretaries general and responsible persons of all work organs of the CPPCC National Committee, advisers, the secretary general, and bureau directors of the CPC Central Committee's United Front Work Department, the director, deputy directors, and members of the State Council Counsellors' Office, responsible persons of the State Council Bureau of Religious Affairs, councillors of the Cultural and Historical Data Research Committee, and chairmen of the CPPCC committee and directors of the CPC committee's united front work department of all provinces, autonomous regions, and municipalities. Foreign envoys to China attended the session as spectators.

Hu Ziang on Economic Reform

OW250903 Beijing XINHUA in English 0845 GMT 25 Mar 85

[Text] Beijing, March 25 (XINHUA) -- China's leading political consultative body has played an active part in promoting economic reform and implementing the open policy in the past year or so. This was stated by Hu Ziang, vice-chairman of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC), in his report delivered at the opening ceremony of the committee's third session here this afternoon. He said that economic restructuring with emphasis on the cities was the central task of the country as well as the CPPCC. The CPPCC membership is made up of experts and scholars in industry, commerce, economics, science, technology, culture, education, medicine and other fields, Hu said.

Over the past ten months since the National Committee's last session, more than 300 of its members had conducted on-the-spot investigations in Beijing, Xinjiang, Inner Mongolia, Guizhou, Sichuan, Guangdong and Fujian. During their trips, he said, the CPPCC members raised many positive proposals on enlarging the decision-making powers of enterprises, improving economic returns, expanding commodity production, developing natural resources in remote areas and reforming education.

Meanwhile 18 working groups were sent by the CPPCC to study a series of special topics, Hu said. The subjects covered ways to ease the strain in city transport and increase service trades, a law governing economic contracts with foreign businesses, reform of the education system, expansion of tourism and development of special economic zones. Findings of the special groups and their proposals for solutions had been reported to the Communist Party Central Committee and the State Council for deliberation, Hu said. The working groups also offered consultation services. One of the groups proposed that Donghai Island near the South China port of the Zhanjiang, Guangdong Province, be built into a tourist and health center.

Members of the group are now working on a draft plan for developing Hainan Island after studying education, harbor construction, cultivation of tropical industrial crops and development of mineral resources there.

Hu said the CPPCC was encouraging its members to contribute to implementation of the open policy since many of them had extensive overseas connections. Some of them had done much to help obtain foreign investment, equipment and technology, and promote economic and cultural exchanges, he added. The CPPCC had also helped the Communist Party and the government carry out policies on the united front and intellectuals, he said. This had served to enhance the relationship between the party and the people and fire their enthusiasm for socialist modernization, he said.

Hu Ziang said reunification of the motherland and the return of Taiwan was one of the three major tasks of the Chinese people during the 80s and 90s. The CPPCC had actively publicized current policies and received many visitors from the U.S., Japan, Canada, Hong Kong and Macao, he said. They had worked to strengthen friendly ties with people all over the world. Hu emphasized that the CPPCC firmly supported the party and the government on economic reform. He noted that 1985 was the first year during which the party decision on urban economic restructuring was carried out. The CPPCC would continue to organize its members to study such subjects as reform of the wage and price systems and the management structure in education, science and technology, he said.

The consultative body would further publicize the significance of the reunification of the motherland, broaden the scope of liaison and people-to-people contacts. To fulfill the above-mentioned tasks, Hu said, the CPPCC must keep to the practice of political consultation, democratic supervision, cooperation, and the making of as many friends as possible.

Xiao Hua Report to Session

OW260500 Beijing XINHUA Domestic Service in Chinese 1420 GMT 25 Mar 85

[Excerpts] Beijing, 25 Mar (XINHUA) -- Xiao Hua, vice chairman of the CPPCC National Committee, presented a written report this afternoon to the Third Session of the Sixth CPPCC National Committee on what has been done about the proposals made since the Second Session of the Sixth CPPCC National Committee. He said a total of 1,476 proposals by committee members were received during the period from the Second Session of the Sixth CPPCC National Committee to 10 January 1985. They were made by 1,150 members, or 56 percent of the entire membership. The Motions Committee has examined all the proposals and transmitted them respectively to the central and local departments concerned for their study and handling. By 10 March this year, replies about the handling of 1,436 of the proposals, or 97 percent of them were received.

He said: In order to implement the important instruction of Chairman Deng Yingchao on handling proposals, the motions committee has constantly performed such work since the Second Session of the Sixth CPPCC National Committee. Two discussion meetings on the subject have been held.

As a result of the two meetings, the remnant influence of "left" ideas has been eliminated.

Everyone has also become more aware of the importance of the proposals made by the CPPCC National Committee members and clearly seen the guiding thought for the work of handling the proposals. On the basis of summing up experience and raising understanding, the Motions Committee has negated the various kinds of conventions restricting the submission of proposals and affirmed the three no-limits that are suitable to the characteristics of the CPPCC and have been proven effective through long practice, namely, unrestricted subject matter, imposing no criteria on accepting proposals; no time limits, no cut-off date; and no limit to the number of people cosponsoring a proposal, streamlining the process.

Xiao Hua said in his report that there have been some achievements in handling proposals since the Second Session of the Sixth CPPCC National Committee under the leadership and care of Chairman Deng Yingchao and the CPPCC National Committee and the vigorous support of all committee members and concerned departments. However, work still falls behind the requirements of the developing situation. Further efforts are required to improve work.

Yang Jingren Delivers Report

OW260423 Beijing XINHUA Domestic Service in Chinese 152/ GMT 25 Mar 85

[Excerpts] Beijing, 25 Mar (XINHUA) -- At the Third Session of the Sixth CPPCC National Committee today, Yang Jingren, vice chairman of the CPPCC National Committee, delivered a report on the work of the Standing Committee of the Sixth CPPCC National Committee in implementing the policy of redressing injustice.

Yang Jingren said: Thanks to the CPC Central Committee's concern, the CPPCC National Committee, the Central United Front Work Department, and various democratic parties have primarily dealt with the question of implementing the policy of redressing injustice for members of the CPPCC National Committee and various provincial CPPCC committees, and have promoted the implementation of all united front policies in the past year and more. He said: "With joint efforts by all quarters, we have made rapid progress, and achieved remarkable results in implementing the policy of redressing injustice. Of the 376 CPPCC National Committee members, who requested redress of their grievances, 303, or 80 percent, have had their grievances redressed. Of the 4,470 members of provincial, autonomous regional, and municipal CPPCC committees, who requested redress of their grievances, 3,666, or 82 percent, have had their grievances redressed. Currently, we are systematically solving the questions of knowing the situation (by reading documents and listening to reports on higher level instructions) making contributions (having things to do) among CPPCC committee members, and other relevant persons. As a result of the implementation of the policy of redressing injustice, most of the cases of injustice have been redressed. By reexamining personal records, we have properly solved the problems of most of those on whom political judgement used to be inconclusive. Of the questions concerning private houses and properties seized and confiscated during the "Great Cultural Revolution," some have been settled, and others are being settled.

Yang Jingren told of his experience in five respects in the implementation of the policy of redressing injustice:

1. Attention and active support given to this work by the CPC Committee at all levels are the key to success in this work.
2. Close cooperation between the CPPCC and various democratic parties is conducive to the implementation of the policy of redressing injustice.

3. To implement and publicize the policy simultaneously is an important factor in accelerating the implementation of the policy.
4. Constant inspection by investigation groups has steadily promoted the implementation of the policy.
5. Our emphasis on the implementation of the policy of redressing injustice for the CPPCC members and other relevant persons has broadened and deepened implementation of the policy.

Yang Jingren pointed out: Although we have made great achievements in implementing the policy of redressing injustice in recent years, the development of the work is uneven, as some problems left over from the past still exist in many places, and certain localities are not working hard, nor are they making rapid progress. Therefore, we should not overestimate our achievements, nor should we belittle the difficulty of solving the problems left over from the past, and slacken our supervision and inspection of their solution.

In conclusion, Yang Jingren pointed out: In order to do an even better job in implementing the policy of redressing injustice, we should continue to eliminate the influence of "left" ideology, correct unhealthy tendencies, further publicize the great significance and urgency of implementing the policy, and make the implementation of the policy serve economic, structural reform and opening to the outside world in a still better way. We should "first attract talented people in order to enlist their services, and influence their hearts first in order to attract them." We should systematically solve "longstanding, big and difficult" problems. This year, the CPPCC National Committee, the Central United Front Work Department, and various democratic parties will again organize investigation groups to inspect selected organize investigation groups to inspect selected localities and departments, and urge and help them to accelerate the implementation of the policy of redressing injustice.

RENMIN RIBAO COMMENTATOR ON DOCUMENT NO 1

HK250839 Beijing RENMIN RIBAO in Chinese 25 Mar 85 p 2

[Commentator's article: "Learn How To Swim in the Ocean of the Commodity Economy"]

[Text] The "Ten Policies of the CPC Central Committee and State Council for Further Invigorating the Rural Economy" (CPC Central Committee Document No 1 of 1985) is an important document for implementing the "Decision of the CPC Central Committee on Reform of the Economic Structure" in rural work and turning that decision into concrete form. The 10 policies it proposes conspicuously express the spirit of further opening up and invigorating the rural economy. It stipulates that under the guidance of the state plans, regulation by the market mechanism is to be expanded; the system of state monopoly purchase of agricultural products is to be reformed; the state will no longer issue mandatory plans to the peasants; and rural areas are to be helped in readjusting their production structure. Before its promulgation, this document was transmitted throughout the country, where it was enthusiastically supported by the cadres and masses. The peasants say that it is "a new development in the party policy on enriching the people."

The promulgation and implementation of this year's central Document No 1 shows that China's rural areas have entered the second great reform. The series of reforms initiated after the 3d Plenary Session of the 11th CPC Central Committee, such as the contract responsibility system linking payment to output, concentrated on solving the problem of "everybody eating from the same big pot," and achieved great success in that respect.

The pioneering efforts of the rural areas in reforms have been supported by the urban areas and have in turn spurred the urban reforms. The urban reforms will provide still more favorable conditions for the in-depth development of the rural reforms, and at the same time will set still higher demands on the rural areas, especially for providing more and better agricultural produce. The second great reform in the rural areas will further harmonize the relationship between agriculture and the entire national economy and imbue the rural economy with new vitality. Serious implementation of Document No 1 is bound to stimulate the development of rural commodity production and exchange, and spur the common prosperity of the urban and rural economies.

A new situation in the development of the rural commodity economy will emerge as a result of reforming the system of state monopoly purchase of agricultural products and expanding regulation by the market mechanism under the guidance of the state plan. The commodity economy is like a billowing ocean, and we must learn how to swim in this ocean, and proceed up to thoroughly master this skill. Document No 1 specifically points out: "Both for peasants and cadres, there is a process of adapting and learning afresh." The current important task is to deeply and thoroughly appreciate the spiritual essence of the document, and bring about a corresponding change in ideology, work, and work style as rural production switches to the commodity economy. Commodity competition and the regulatory role of the market spurs us to step up efforts to renovate our knowledge and gradually learn how to swim in the ocean of the commodity economy.

The leaders at all levels are confronted with new challenges in the face of the new situation. The old work methods cannot meet the new situation and the new requirements. Macroeconomically, we must achieve good coordination, follow the law of value, apply economic methods and guidance, and help the peasants to readjust the cropping pattern, the structure of agriculture as a whole, and the rural production structure. Micro-economically, we must open up and invigorate things, and respect the peasants' decision-making powers in production operations. After the lifting of restrictions on prices of agricultural products, prices are permitted to float around reasonable values. At the same time we must apply the economic levers such as prices, taxes, and credits to dovetail production with sales, develop production, guarantee supplies, seek balance in market supply and demand, where there is often imbalance, and strive to maintain basic price stability. We must also guide the peasants to open up more production opportunities, and pay close attention to market changes and respond to them in an agile way, so as to reduce blindness in production.

Comrades working in the frontline in the rural areas have for many years been accustomed to the work method of directing production in accordance with the state's mandatory plans; it is very natural that, confronted with the new situation of the development of the commodity economy, some comrades feel at a loss for a time. The situation is pressing. It is necessary to learn about commodity production and the commodity economy and how to get a comprehensive grasp of the rural economy, and provide services of all kinds for the peasants before, during, and after production. The peasants have put it well: "In the future a person who does not find out information, does not lead the masses to get rich, and does not provide services for the masses is not a qualified cadre." So long as they emancipate their minds, study and absorb the spirit of Document No 1, are skilled in investigation and study, and work together with the masses to reform the rural economy according to the 10 policies contained in the document, the comrades working in the frontline will certainly be able to become qualified cadres.

The peasants of China have long been in a situation of a self-sufficient and semi-self-sufficient economy; as a result of this, plus the state monopoly purchase and sales system for agricultural products practiced for more than 30 years, they are accustomed to take the view that "I will grow whatever the state orders; and the state will take everything I grow."

Now, every product handled by the peasants must undergo testing in the market, through which the superior will triumph and the inferior will be knocked out. The majority of the peasants are still very unfamiliar with this. Following the transmitting of Document No 1 in various places, many peasants felt both glad and worried; glad because they have greater decisionmaking powers in production operations than previously, and worried because they do not understand how to arrange their production operations in accordance with the new situation. It is the urgent task of the leadership at all levels to help the peasants to arrange production in light of the "market" and local conditions, readjust the production structure, and, in leading work, to get a good grasp of arranging contract purchase orders and market procurement. At present this work cannot keep up with the development of the situation in many areas, and efforts must be made to catch up.

COMMENTATOR'S ARTICLE HAILS FOREIGN CONTRACT LAW

HK251416 Beijing RENMIN RIBAO in Chinese 22 Mar 85 p 2

[Commentator's article: "An Important Law for Developing Foreign Economic Relations"]

[Text] The 10th meeting of the 6th NPC Standing Committee approved the "PRC Foreign Economic Contract Law", which is an important law for developing foreign economic relations.

Over the past few years, as our country's external economic relations increasingly expanded, the numbers and kinds of economic contracts involving foreigners increased daily and there was an urgent demand for formulating a law to follow in this field. The Foreign Economic Contract Law is precisely the law that was formulated to meet this demand, that was made by referring to the principles of the "economic contract law" at home and in international practices, and that was aimed at protecting the legitimate rights and interests of the contractual parties and at promoting the development of our country's foreign economic relations.

Opening up to the outside world and conducting foreign economic cooperation and technological exchange activities are conducted mainly through the form of contracts. Through contracts, the rights and duties of the parties concerned are fixed. In principle, these things are decided by the parties concerned, but there must be a law to follow in making contracts and in all countries in the world there are legal stipulations governing this. The "Foreign Economic Contract Law" stipulated that in making contracts it is imperative to observe our country's law and no harm should be done to the social or public interests of our country. Otherwise the contract is void even if it has been signed. For example, if it is necessary for a contract to be approved by the state, the contract cannot become valid unless it is thus approved and even an unauthorized approval cannot make this contract valid. For another example, a contract that goes beyond the scope allowed by the law is void. All enterprises in our country should firmly foster the sense of observing the law in conducting foreign economic activities, carrying out talks, and signing contracts.

Regarding the handling of the disputes and other contracts, in accordance with the universally international principle that the party to a contract can freely choose the law to be applied to the contract, the "Foreign Economic Contract Law" stipulates that the parties to the contract can choose the law that is to be applied in handling disputes related to the contract. If the parties to the contract have not chosen the law, the law of the country that is most closely related to the contract should be applied. However, our country's law must be applied to the contracts concerning enterprises with joint Chinese and foreign management, and Chinese and foreign cooperation in prospecting and exploiting natural resources that are to be executed in our country.

This practice of making a special stipulation on certain kinds of contracts is also a common international practice.

During the past few years, as the policy of opening to the outside world has been implemented, the number of enterprises with joint Chinese and foreign investment and with joint Chinese and foreign management grows increasingly larger and foreign businessmen's confidence about investing in China grows increasingly greater. However, there are some people who have doubts about some problems. In fact, there are no grounds for these doubts. Opening up to the outside world is our basic national policy and our door will only open increasingly wider. Therefore, even if new stipulations are formulated in our country's law, it only provides more powerful and more beneficial guarantees for foreign investors. The "Foreign Economic Contract Law" clearly provides: If there are any new stipulations in the law, contracts involving enterprises with joint Chinese and foreign investment, enterprises with joint Chinese and foreign management and Chinese and foreign cooperation in prospecting and exploiting natural resources will still be executed in accordance with the terms stipulated by the contracts. This proves that our country's law provides earnest and effective guarantees for the legitimate rights and interests of the parties to contracts.

The "Foreign Economic Contract Law" will come into force on 1 July. The relevant departments and units should make the best use of their time in publicizing this law. They should make the vast number of foreign economic and trade workers and relevant personnel familiar with it and make them master it and improve the ability of these people to apply legal means in handling foreign economic relations.

DECISION ON SCIENTIFIC REFORM APPLAUDED

RENMIN RIBAO Commentator

HK260150 Beijing RENMIN RIBAO in Chinese 22 Mar 85 p 1

[Commentator's article: "Rely on the Conscious Action of the Scientific and Technological Personnel"]

[Text] The "CPC Central Committee Decision on Reform of the Scientific and Technological System" has been promulgated. This is another important document on structural reform after the "CPC Central Committee Decision on Reform of the Economic Structure" was made. As Comrade Deng Xiaoping has pointed out, reform of both the economic structure and the scientific and technological system serves the purpose of emancipating the productive forces. By handling things in the two fields at the same time, the long standing problem of scientific work being disassociated from economic work will be properly solved.

The party central leadership's "decision" clearly specifies the significance, purposes, tasks, principles, and measures for reform of the scientific and technological system. At the recent national scientific and technological work conference, comrades Hu Yaobang, Deng Xiaoping, and Zhao Ziyang also made brilliant expositions on these issues. Now our task is to gain a comprehensive and precise understanding of the spirit of the "decision" and the central leaders' speeches so as to firmly implement it in a down-to-earth manner.

The overall reform of the scientific and technological system represents a major strategic step, which involves the scientific and technological field, the economic field, and the educational field and has a bearing on the overall situation of our modernization drive. Leading party organs and governments at all levels should give elaborate guidance to this reform, and scientific and technological, planning, economic, and educational departments and various enterprises are required to make joint efforts.

In particular, it is necessary to fully arouse and rely on the conscious action of the more than 6 million scientific and technological personnel. The scientists and technicians are well aware of the maladies of the old system and know what should be reformed and how to carry out the reforms. The central "decision" has assimilated the successful experience of the scientific and technological personnel in their pilot reform projects. So it is all the more necessary to rely on their creativity and exploratory practice to implement the "decision" and to promptly solve various problems which we cannot expect beforehand and which appear in the course of practice.

All scientific and technical personnel are required to take an active part in the reform of the scientific and technical system. By being conscious, it is meant that they should show their initiative and creativity and orient all their activities to the fundamental purpose of reform. All of them in the thousands and thousands should "go up the mountain to pick peaches." By "going up the mountain" it is meant that they should follow the surging trend of modernization; "picking the peaches" means that they should apply the scientific and technological achievements to economic modernization. Science and technology has a large number of branches, and scientific research is divided into many fields and types. They should proceed from their own conditions to seek their respective shortcuts in "climbing the mountain" and to pick as many big and good "peaches" as possible. Scientific and technical personnel who have lofty ideals and political consciousness will certainly have the sense of responsibility to do so voluntarily.

We have a good contingent of scientific and technical workers, who have made great contributions to the state and to our socialist construction since the founding of the PRC. Under the present excellent situation, they have high enthusiasm for reform. Leaders at all levels and in all units should carefully cherish their enthusiasm and give free reins to them to make innovations. The reform of the scientific and technological system is an arduous and complicated job. Although we now have a good blueprint and program, we will still encounter various difficulties and problems in the course of practice. When difficulties and problems occur, we must first keep ourselves from making an unnecessary fuss, then make concrete analysis to find the causes, and work out corresponding measures and regulations to resolve the problems. Scientific and technical personnel are people who always act in a scientific way, so they should be models for the whole society in the matters of having an overall viewpoint, subjecting themselves to the overall interests, and abiding by discipline.

Heroes are always created by the great times. In the great practice of reforming the scientific and technological system and building the four modernizations, a large number of meritorious scientists, engineers, technical management experts, and other professionals will certainly emerge in the scientific and technological contingent and will make greater contributions to the state.

Zhongguo Xinwen She Commentary

HK240842 Beijing ZHONGGUO XINWEN SHE in Chinese 1451 GMT 20 Mar 85

[Commentary by ZHONGGUO XINWEN SHE reporter Dai Yaping: "Running Water Flows Into Scientific and Technological Circles in China" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 20 Mar (ZHONGGUO XINWEN SHE) -- Since the CPC Central Committee adopted the decision on reforming the urban economic structure last year, all trades and services have been brimming with vigor. People now concentrate their attention on the scientific and technological circles and on the question of how China's science and technology will speed up economic reinvigoration.

With regard to the present situation in China's scientific and technological circles, we can quote a comment made by an expert from the Nomura Research Institute of Japan: "China has launched man-made satellites, successfully produced synthetic insulin, and manufactured 300,000-kilowatt turbo-generators with inner water-cooled stators and rotors.... The Chinese have a very great technological development capacity. However, they have not yet applied it to production. We are surprised to learn that they produce such a large quantity of cheap and low-quality products that only require low-level technology."

Some people say that this Japanese expert has pointed out the defects of the existing scientific and technological system in China.

At present there are 9,344 research institutes in China, which employ 1.2 million scientific and technological personnel. However, there are only 3,645 research institutes which belong to enterprises. In addition, 5,700 research institutes, which account for 80 percent of the total number of research institutes, survive on funds allocated by the government. A number of research institutes fail to fully use their research personnel, and many of their research topics are divorced from reality. Some of their achievements in scientific research occupy a leading position in the world, but it is difficult to apply them to the production in enterprises. Some research institutes are separated from enterprises only by a wall, but "they do not visit each other all their lives, though the crowing of their cocks and the barking of their dogs are within ear-shot of each other." In other words, the existing scientific and technological system of China has severely hampered scientific and technological development and blocked further invigoration of China's economy.

The "Decision of the CPC Central Committee on Reform of the Scientific and Technological System" promulgated yesterday involves a change in the system for financial allocations, opening up the scientific market, enhancing the capacity for the technological development of industrial enterprises, speeding up the progress of making the corps of scientific and technical personnel younger in average age, and more. The only purpose in doing this is to promote the integration of science, technology, and the economy so that science and technology will create more wealth for the society.

After commercializing achievements in scientific research and changing the system for financial allocations, research institutes will get more financial support from enterprises for their research projects. In the meantime, Chinese leaders have time and again stressed that although the state might reduce funds allocated to some research institutes year by year, the total amount of funds for research projects by the state will not be cut. Instead, the state will increase this year by year. After the reform of system for fund allocations, research institutes will have wider financial resources. In the meantime, the research topics will be closely linked with economic development so that research projects will play a greater role in economic construction.

The decision of the CPC Central Committee on reform of the scientific and technological system was drafted under the guidance of Hu Yaobang and Zhao Ziyang. The document, which involved the efforts of several thousand officials of the scientific and technological circles and scientists, was amended 11 times. In addition, 25 noted American scientists of Chinese descent also contributed their views on amendments. The unanimous view on this decision is that it will infuse running water into scientific and technological circles as well as economic circles in China.

"We cannot expect all ditches to be completely filled, but ample sources of water will ensure the flow of running water." People are looking forward to a completely new aspect in the scientific and technological circles of China which will make contribution to an economic leap for China.

SOCIALISM WITH CHINESE CHARACTERISTICS DISCUSSED

HK240348 Beijing CHINA DAILY in English 24 Mar 85 p 4

[By CHINA DAILY commentator]

[Text] Whither China? Developments in China in recent years have raised this question in the minds of many people. There are well-wishers who are worried lest China revert to the capitalism which prevailed in pre-liberation days, when most of the nation's population was plagued by untold misery. Others do not conceal their glee as they assume that the changes occurring will eventually lead to capitalism, which suits them very well.

Since economic reforms have just started, it is not strange for some to have come up with different interpretations of developments. However, Deng Xiaoping's recent unequivocal statement on China's path ahead and its final objective should go a long way towards clarifying misconceptions.

What the Chinese people are engaged in is building a socialism with distinctive Chinese features. And the four modernizations they are striving for are along socialist lines. Socialism with distinctive Chinese features means one that is in full accord with China's reality, meets its requirements and respects its traditions.

The government has taken steps to open up to the world, invigorate the economy and carry out reforms first in agriculture and then in the cities. The ultimate aim of these reforms is to bring about a prosperous socialist China.

Individually run businesses, joint ventures between foreign companies and their Chinese counterparts and enterprises operated solely by foreign companies with their own investment have been introduced and encouraged. All are expected to play their due part in boosting our economy. However, they will not take on a decisive role, as they account for only a small proportion of the whole national economy. On the other hand, the sector of the economy based on socialist public ownership of the means of production will always be the predominant economic force.

The government encourages areas with favourable conditions to become more prosperous first so that they will be able to help the relatively backward areas advance. For the same reason, some people are encouraged to become prosperous first so that they can help others catch up. Uneven developments are unavoidable. But the ultimate goal is for all Chinese people to enjoy prosperity together. Social polarization will not be allowed to happen.

Market forces are emphasized not only in managing all enterprises, but also in planning the national economy. But the country's overall economic and social development remains under the guidance of State planning. Never will "money over all" be allowed to prevail in government or Party office operations.

Thus, so long as socialist public ownership remains the dominant sector of the economy and measures are taken to ensure prosperity for all the people, China will travel along the path of socialism.

In a vast country like China, an economic reform of such magnitude is bound to be complicated. The Party has warned that while the reform must press ahead with determination, measures taken should be cautious. It is not surprising if abuses crop up. For instance, there are people who are trying to cash in on the reform and engage in illegal activities to benefit themselves and their organizations at public and State expense.

Some Party and government officials are running businesses, profiteering in goods in short supply or imported goods, dealing in foreign currency, and indiscriminately raising prices and offering loans and excessive bonuses. All such malpractices will be dealt with by appropriate measures.

Because it meets popular demand, the reform will go forward and surely be crowned with success.

GUANGMING RIBAO: ACADEMIC FREEDOM UNDER MARXISM

HK251508 Beijing GUANGMING RIBAO in Chinese 20 Mar 85 p 3

[Article by Shi Wen: "On Academic Freedom Under the Guidance of Marxism"]

[Text] On 12 February, a forum was held by the office of LISHI YANJIU for some historical workers in Beijing to discuss how to realize academic freedom under the guidance of Marxism in order to further implement the principle of "letting a hundred flowers bloom, letting a hundred schools of thought contend," to enhance the vitality of historical research and to promote the prosperity and development of the science of history. The following is a summary of the main contents of the forum:

1. It is necessary to correctly understand and deal with the guiding role of Marxism.

The comrades participating in the forum unanimously held that we must persist in the guidance of Marxism while advocating academic freedom. However, it is imperative to correctly understand and deal with Marxist theory with regard to persistence in the guidance of Marxism, otherwise it would be very difficult to realize academic freedom. Some comrades pointed out that the guidance of Marxism should be understood in three respects: First, the approach of reasoning with facts on the strength of history and science should be adopted to convince others instead of resorting to political power and administrative orders to suppress others through repudiation. Second, guidance by theory should refer to guidance by basic tenets instead of some individuals' specific conclusion. And third, in reference to the science of history, guidance by basic tenets should refer to the Marxist conception of history and methodology instead of the mechanical application of some out-of-context phrases in Marxist classics to historical facts. Therefore, the application of Marxism in guiding academic study itself requires opposing dogmatism.

2. Equality for everybody in academic discussions is advocated.

Some comrades held that freedom was linked to equality, and that academic freedom would be impossible without academic equality. To realize academic freedom, academic equality must first be advocated. Academic equality should have two implications: First, there must be equality between specialists, authoritative people, and ordinary research workers alike. In reference to academic questions, the rights and wrongs should not be determined by the status of scholars in the academic circles. Second, when airing specific views on academic questions, any comrade in a leading post represents only one of a hundred schools of thought and should allow the airing of different views and take part in discussions on an equal footing with others. Some comrades pointed out that in academic discussions, the principle of protecting the minority should be implemented, because in academic issues, matters concerning right or wrong could not be determined by a majority vote; sometimes truth was in the hands of the minority. Only by implementing this principle will it be possible for the minority on certain academic issues to air their views fully in an atmosphere of equality and democracy, in order to push ahead the development of academic research in depth and breadth.

3. It is imperative to advocate a good study style.

The comrades participating in the forum held that the key to the realization of academic freedom under the guidance of Marxism would be a good study style. In academic discussions, the ill practices of labelling, attacking with a big stick, seizing on mistakes, and exaggerating and cooking up charges must be done away with for good, the "three no's principle" [no labelling, no attacking with a big stick, and no seizing on mistakes] must be resolutely implemented, and an atmosphere of seeking truth from facts and conducting criticism aimed at helping others should be advocated in a big way. We must respect facts, and advocate healthy academic criticism, so that everybody may have the right to criticize and rebut. In academic criticism, debates with names openly mentioned should be advocated as well, and face-to-face debates should be boldly unfolded even on matters of principle. This is because truth is not afraid of being criticized; the more truth is debated, the clearer it becomes.

PROBLEM OF STUDENTS FROM CULTURAL REVOLUTION EYED

HK240800 Beijing RENMIN RIBAO in Chinese 19 Mar 85 p 5

["Work study" report by Cui Wunian, Guo Yongwen, Han Xuelin, Gao Xiaohong, and Yan Huai: "A Problem in the Implementation of the Party's Policy Toward Intellectuals -- on the Correct Treatment of 'Worker-Peasant-Soldier Students'"]

[Text] Because of the "Great Cultural Revolution," most of the people in our country who are in the age range 30-35 and who have received a higher education are considered "worker-peasant-soldier students." Opinions vary in our community on "worker-peasant-soldier students," but most opinions are derogatory rather than complimentary. This annoys many of these people. Correct treatment of "worker-peasant-soldier students" has a direct bearing on the initiative of nearly 1 million people and on rationally employing the intellectual cadres who are around 30 years of age.

"Worker-peasant-soldier students" denote those who entered colleges and universities during the "Cultural Revolution." According to our statistics, these people number around 941,000. At that time, they generally entered colleges without taking entrance examinations. They generally studied for 3 years. According to a survey conducted in a few higher education institutes, the educational level of the "worker-peasant-soldier students" when they entered colleges and universities was generally at junior middle school level. Some had a senior middle school level, and a very small number of them had a primary school level of education. In most of the higher education institutes, more than 80 percent of the "worker-peasant-soldier students" were CPC or CYL members.

All the "worker-peasant-soldier students" graduated before or during 1980. A small number of them have been working for about 4 years or so but most of them have been employed for 16 to 17 years (the length of service before they entered the colleges or universities is included in the calculation). Generally, their wages are at about the 22d administrative grade level. Most of them are married.

As a political idea, the "worker-peasant-soldier student" is a "new thing" that was concocted by the "gang of four" during the "Cultural Revolution" in order to negate the so-called "17 years of a revisionist educational line."

However, on the whole, the "worker-peasant-soldier students" behaved in a manner that ran counter to the original intentions of the "gang of four" and their kind. As the "Cultural Revolution" went from bad to worse, their awareness was heightened and the contradictions between their hopes and the line implemented by the "gang of four" deepened and developed into increasingly intensive conflicts. In 1976, many of the "worker-peasant-soldier students" studying in colleges or who had graduated took part in the struggle against the campaign of "striking back at the wind of rightist case-reversing," a campaign that was launched by the "gang of four." Of course, there are a few people among them whose minds have been deeply poisoned by the "gang of four," and a very small number of them have even gone in the opposite direction from the rest.

As a whole, when "worker-peasant-soldier students" entered colleges, they were not qualified to do so and there were no standards for their education or graduation. According to the estimates of the relevant departments, when "worker-peasant-soldier students" graduated from their colleges, less than 20 percent of them were qualified for college graduation. Since the 3d Plenary Session of the 11th CPC Central Committee, the party and state have adopted many measures to enable these people to make up for the shortages in their education. After making up the lessons that they had not taken before they graduated, they took unified examinations held by localities or departments. Most of them got mediocre marks. Moreover, the results of the unified examination differed widely for those who were in the same unit, who had the same educational background, and who had similar situations at the time of the examinations. This was mainly because of the great difference in their efforts on the examinations.

At present, most of the "worker-peasant-soldier students" are competent in their jobs and a small number of them have become backbone cadres, but there are also some of them who are not competent. For example, in a certain ministry of the State Council, there are now 111 "worker-peasant-soldier students," of whom 95 are doing management jobs and 16 are doing technological jobs. On the whole they have all been granted the professional title of assistant engineer and most of them can be assigned to backbone posts. At a certain university in Beijing, there are 459 "worker-peasant-soldier students" now, of whom 220 are doing party and university administrative jobs, technical jobs in laboratories, or data collection jobs in the library; 239 are in teaching and scientific research jobs; 271 have been granted the professional title of faculty assistant or assistant engineer; and 60 have become postgraduates. They are generally competent in their jobs and some of them have scored prominent achievements. In a research institute of a certain ministry, there are now 174 "worker-peasant-soldier students," of whom 146 have been granted the professional title of assistant engineer and 28 are doing administrative jobs. On 84 occasions they took part in the scientific research projects which were awarded the National Defense Industry Commission's scientific and technological achievement prizes. In a certain factory in Beijing there are now 41 "worker-peasant-soldier students," most of whom are competent in their present jobs and 8 of whom are cadres at or above the middle level.

At present, most of the "worker-peasant-soldier students" are depressed. There are five reasons for this: 1) As the "Cultural Revolution" has been thoroughly negated, so has the idea of "worker-peasant-soldier student" as a "new thing" that emerged during the "Cultural Revolution." This is necessary. However, some of them think that negating the "Cultural Revolution" means negating "worker-peasant-soldier students," and this has made them feel politically inferior to other people. 2) There are some views in our community that hold an incorrect evaluation of "worker-peasant-soldier students." An example is the idea that holds that these "students" are "politically unreliable and professionally incompetent." 3) During the past few years, the relevant departments have conducted the practice of seeking "uniformity" in taking readjustment measures toward "worker-peasant-soldier students." This has given the impression of injustice for "worker-peasant-soldier students."

4) In our implementation of our policy toward intellectuals, we have seldom mentioned "worker-peasant-soldier students" which has made them think that they are being given the "cold shoulder." 5) For "worker-peasant-soldier students" themselves, there has also been the problem of correctly evaluating themselves.

In summation, an outstanding special feature of the "worker-peasant-soldier students" is that there is a big disparity among them. But at present it is very difficult to put forth a unified standard to measure this disparity. Therefore, we should by no means adopt a "uniform" method to deal with "worker-peasant-soldier students." Under this precondition, we suggest conscientiously doing a good job of implementing our policies. For example, the organizations and leadership should show greater concern for "worker-peasant-soldier students" and conscientiously remove the prejudices against them in our commodity. The various localities and departments should treat "worker-peasant-soldier students" equally without discrimination in promoting and employing cadres. They should encourage "worker-peasant-soldier students" to correctly evaluate themselves, to refrain from becoming self-abased and from giving themselves up as hopeless, and to strive to make progress. For some time in the past, some departments adopted a "uniform" method to readjust the jobs of "worker-peasant-soldier students." This is a mistake that should be corrected. In the process of the four modernizations, "worker-peasant-soldier students" are a valuable asset and a reliable force for all the undertakings of our country.

PAPER ANALYZES ROLE OF VENTURE CAPITAL IN ECONOMY

HK220707 Beijing JINGJI RIBAO in Chinese 18 Mar 85 p 3

[Article by Zhang Xiaobin and Lao Yuanyi: "Venture Capital Investments Are Needed -- a Way To Accelerate the Commercialization of Technological Products"]

[Text] The most serious defect in our existing scientific and technological management system is that scientific and technological products have not been effectively translated into commodity-economy returns. This situation is especially obvious in the new industrial sector based on high technology. If no proper adjustment is made, that will inevitably interfere seriously with strategic planning for the use of new technologies to transform our traditional industries and make it impossible for our country to take big strides forward in a situation where the current international level of scientific and technological development is spectacularly surging forward. Faced with this urgent problem, we think that we must make new explorations and hold experiments with strategies and means for accelerating the development of our country's high-technology industries and strengthening the process of commercializing technological products.

On the international scene, venture capital investment has been universally regarded as a useful experience in solving the above problem. In the past 10 years, developed countries and some developing countries have been keen on formulating policies to encourage venture capital investment. Is this experience worth acquiring in our country?

First, we think that venture capital investment is something inevitable in our country. According to the results of an investigation of conditions in the development of more than 10,000 new products not long ago, more than 7,000, or 73 percent, ended up with technological results.

More than 6,000, or 60 percent, were put into trial production. But enterprises realized economic returns on only 1,000-plus items, representing 11 percent. These figures show that our technological development effort has paid too much attention to its technological results but too little attention to its economic results. The result is that large amounts of technological development investment fail to yield proper economic returns. This is one of the fatal weaknesses standing in the way of the speedy development of our national economy. The cause of this seriously weak link has two aspects. One is an important internal factor that has long received inadequate attention. It is the lack of enthusiasm on the part of a unit committed to a technological project for taking more technological risks, or its being trapped by one of our habits of "repeating things at the same low level." The other is that our existing scientific and technological investment management system and pattern for division of labor are not entirely rational. This makes it impossible to find proper interested departments to invest in many civilian technological products (originating in large enterprises, scientific research units, institutes of higher learning, individual inventions, or foreign sources) requiring a little financing when it comes to experiments with industrialization aimed at production based on economies of scale, or when it comes to the establishment of certain small-scale production entities specializing in high-technology products.

At present, some government departments' investments involve not only large sums and a long cycle of construction but also too many levels of management, making it difficult to take care of small enterprises' development projects. Because of the risk factor, the banks generally grant no loans for development projects that involve only production technology but produce nothing concrete. Here the investment principle of "more risk, more gain" is incompatible in practice with the yardsticks banks follow. At present, scientific and technology departments also can do nothing to help the quickest possible commercialization of thousands of technological products through development. So an investment vacuum which "no one cares" about forms. As a result, the valuable ideas of many technical personnel and also highly promising technological products have not been made to play a proper role in the economy but have been allowed to go down the drain.

Second, since the end of the 1950's and the beginning of the 1960's, in many new technological areas, including microelectronics, microorganisms, and new materials, quite a large number of industrially oriented items have been reduced to very small sizes suited for high technology, making it increasingly easy for them to be commercialized. From the standpoint of economies of scale, their development and production has long left their original nest of high-technology development. This is to say that they are no longer monopolized by those capital-rich and powerful enterprises or government departments (especially the military). On the contrary, thousands of small enterprises specializing in high-technology products as their mission have mushroomed in industrially developed countries, constituting a most important, most active, and most effective force in the above technological areas.

The tidal wave of this change has also begun to engulf our country. For example, a coastal province last year made an average investment of 100,000 yuan in each of its high-technology development projects assured of sources of funds. In addition, up to 100 projects for the development and initial production of products suited for high technology not yet assured of funds involved an estimated average investment of between 100,000 and 200,000 yuan each. Only a few involved an investment of more than 1 million yuan. From this, it can be seen what an important role venture capital investment would play in supporting the start up and development of small enterprises based on high technology.

Furthermore, given the adoption of new high technologies in transforming traditional industries as an important strategy in the development of our industry and the lack of a large number of medium-sized and small enterprises producing proper high-technology products, the technical transformation of our industry will be deprived of an important basis. This will make it difficult to achieve the expected results. But the establishment of high-technology industries, whether financed by state appropriations or general bank loans, cannot bring quick results. Given that portion of money now allotted by our country for technical investments still actually marked with many obvious commercial features and thus also restraining effect of the law of value, a new kind of investment mechanism based on the "cost of capital" can therefore be devised. On the one hand, a small amount of investment should be used to help the establishment of high-technology small enterprises and their early production of results, and funds generated by these new enterprises should also be used to add to this kind of investment. On the other hand, this method of raising funds should absorb all kinds of idle funds from society and especially large sums from public bodies not included in budgets for the development and establishment of high-technology small enterprises. These venture capital investments for the development of functions and technologies can be made as an effective supplement to the current investment in our technological transformation, raising our industrial technological transformation to a more advanced and more economical level. Meanwhile, this can also help relieve the serious contradiction of an acute shortage of funds for technological transformation for the benefit of the state.

Finally, we are of the opinion that only by exercising control through economic means over investment, with the separation of government and enterprise functions, and only by rendering actual support for skilled personnel strong on development and operations through the method of combining funds with intelligence can we effectively promote what is beneficial and remove what is harmful. Our hoped-for venture capital investment is a kind of investment in commercial and technical development guided by state plans and based on the mechanism of market regulation as a chief measure of economic results. It is also different from general commercial investment because its chief aim lies not in simple recovery but in cooperation between the investors and the recipients of investments in exercising control over the direction for the development of projects, the scale of production, operational and management matters, and so forth and in mutual commitment to the risks involved in the process of their development. Therefore, this is venture capital investment with involvement in management and investment as the objective and support for technology-related entrepreneurs as the aim, given the exploration of unknown conditions. Thus, more technological products can be made to bring about ultimate products with commercial prospects.

Given the peculiar nature of this kind of investment, the complexity of the process of investment management, the technical and specialized aspects of the object of investment, and the importance of how to use new high technologies to transform traditional industries (or how to meet the challenge of the new world technical revolution), we appeal to relevant state departments and especially scientific research management departments to draw up relevant policies to encourage the establishment of venture capital investment organs for the development of high technology and formulate appropriate policies to stimulate their development, so that these investment organs can play a proper role in our modernization effort.

XUE MUQIAO STRESSES FORCES OF PRODUCTION

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[Article by Xue Muqiao: "The Socialist Relations of Production Should Be Able To Promote the Development of the Forces of Production" -- edited by Liu Qichang]

[Text] 1. The relations of production must accord with the demands of the development of the forces of production. This is the basic principle of Marx' historical materialism. In history, the slave society, the feudal society, and the capitalist society have all been produced by the need to accord with the development of the forces of production, and have all collapsed through obstructing the development of the forces of production. Marx predicted the inevitable collapse of capitalism and that it would be socialism which would replace it. This was a scientific conclusion based on the objective law that the relations of production must accord with the needs of the development of the forces of production.

Every socio-economic form in history has had a process of development, of gradual maturation and perfection. However, socialist revolutions occurred in Russian where capitalism had not fully developed and in China and in other countries where capitalism had only developed to a slight degree. This determined that these socialist countries had to pass through a long, slow process of development and that when they emerged they had to maintain many vestiges of the old society. In the 1930's, Stalin tried to establish a reasonably perfect socialist economy. In agriculture where he had no choice but to establish collective ownership, the soviet collective farms adopted operation management methods similar to the state-operated farms, and the peasants lacked production and labor autonomy. He wished to weaken commodity exchange and implement a system of planned distribution. In "Problems of the Soviet Socialist Economy," which Stalin wrote in his later years, he recognized the necessary existence of the two forms of socialist ownership, that is, ownership by the whole people and collective ownership, and the necessary existence of commodity production and commodity exchange in a socialist country. However, the highly centralized management systems in the collective farms did not change. Stalin only recognized commodity exchange between the two ownership systems and commodity exchange between state-operated commerce and the laboring people. He did not recognize the necessity of carrying out commodity exchange between various state-operated enterprises, and believed that the means of production was not a commodity. As a result, the role of the market was greatly overlooked and the method of planned distribution of the means of production and even of many consumer goods, was implemented. Production enterprises produced in accordance with plans. No attention was paid to market needs, which led to many consumer products being out of stock for long periods. This was especially so in regard to non-staple food products. There was no way but to allow the peasants to come to the urban free markets to sell goods as a supplement.

At the time of the First 5-Year Plan, in the socialist transformation of our nation's means of production, we traveled our own road and achieved a decisive victory. At the same time, we imported the Soviet planning management system, and in the period of socialist transformation, continued the system of unified purchase and sales with regard to privately-operated industry and commerce. This system brought into play, through state planning, the superiority of centralized utilization of financial and material resources, and this established an initial base for socialist industrialization. It also resulted in an accelerated national economic development. But, because a highly centralized economic management system and a planned management system were implemented, it produced many negative effects, and the development of the forces of production was increasingly obstructed. In 1956, Chairman Mao's "On the Ten Major Relationships" and Comrade Chen Yun's speech at the Eighth CPC Congress, pointed out that we should avoid the shortcomings in this regard.

However, in 1958, the "Great Leap Forward" commenced and rural people's communes which were "larger in size and had a higher degree of public ownership" were widely established. In the rural areas, public canteens where one could "eat without paying" and other such egalitarian methods were implemented. This resulted in the forces of production being seriously damaged. In 1961 and 1962, the people's communes retreated to the "three levels of ownership, with production teams as the basic level" and the public canteens were abolished. This somewhat alleviated the contradiction between the relations of production and the forces of production. But because it was not permitted to criticize the "three Red banners" and because in 1959 there was criticism of "rightist opportunism," this "leftist" tendency was not corrected. The 10 years of disorder of the "Cultural Revolution" continued to give impetus to these "leftist" errors. Lin Biao and the "gang of four" criticized the "theory which only paid attention to the forces of production," and wanted to "cut off the capitalist tails." This resulted in the development of the forces of production being damaged again.

Socialism is produced on the basis of the full development of capitalism. Capitalism destroys the natural economy of the feudal society and develops commodity production. On this basis, it develops socialized large scale production, which is the large-scale liberation of the forces of production. Should we build socialism on a basis of the full development of the commodity economy, or jump this stage of development and implement socialism where products are allocated in a unified way by the state? Historical materialism selects the former avenue. However, our former economic management system equated adhering to socialist public ownership with the planned economic system of the Soviet model. Overall planned production and planned distribution were carried out, seriously restricting the exchange of products through the market. This restricted the development of the commodity economy and ran counter to the objective laws for the development of a socialist economy, inevitably obstructing the development of the forces of production. After the 3rd Plenary Session of the 11th CPC Central Committee, as responsibility systems which had the family contracts as the main part were practiced and various types of specialized households were developed, commodity production saw rapid development, greatly freeing the forces of production. In the cities, we commenced changing the management systems under which production and distribution were completely subject to planning, and allowed the existence of various economic forms. Many types of products were allowed to enter the market through many channels and commodity exchange was developed. Thus, we changed from having only state-run operations to having state, collective, and individual operations. In terms of planned management, we began to understand that we need to fully utilize the role of the law of value. This opened a new avenue for the rapid development of the forces of production. The former economic system whereby management was carried out on the basis of departments and regions severed the horizontal relationships which cut across industries and cut across regions. This did not accord with the objective demands of socialized large-scale production. Even now, this management system has still not completely changed. We must continue to carry out reforms on the basis of the objective demands of socialized large-scale production.

In developing the commodity economy, it is necessary to fully utilize the role of the market. We must change closed markets into open markets and in this way protect competition. This will be a great motive force in supervising and encouraging enterprises in the reform of their operations management and in seeking technical progress. Capitalism has free competition as its powerful motivation and thus the classical economists opposed state interference. Lenin predicted that capitalism would develop from free competition into monopoly and that this would sound the death knell for capitalism. Bourgeois economists have also seen this danger and thus many industrialized capitalist countries have promulgated anti-monopoly laws, and encouraged the development of medium-size and small enterprises so that competition will continue to be a motive force for economic development.

The bourgeoisie has also seen that free competition inevitably produces an anarchic production situation and thus a certain amount of state intervention is now allowed, particularly in the use of bank credits and information in guiding economic development. However, under capitalist conditions, this cannot completely eliminate monopoly, nor can it completely eliminate the anarchic production situations. Many economists still engage in debate on this question (free competition versus limited state intervention).

There has also been debate in the past on whether a socialist society should allow competition or not. Many socialist countries (including China) have for a long period opposed competition, looking on any sort of competition as a characteristic of capitalism. They did not recognize that socialist enterprises are relatively independent commodity producers. Thus, the enterprises changed from a situation where they were responsible for their own profits and losses to where the state took over responsibility. The enterprises all depended on the state and "ate from the same big pot." At the same time, in the enterprises there was the situation where things could come in but they could not go out; where things could increase but not decrease. There was a wage system where it did not matter if one worked much or little, well or poorly, the wages were the same. The staff and workers all depended on the enterprises and "ate from the same big pot." This eliminated competition and thereby seriously affected the quality of the enterprises and their staff and workers and reduced the enterprise's economic results. Because their operational management was poor, tens of thousands of enterprises incurred losses for long periods and depended on state subsidies for existence. Also, because advanced enterprises did not receive state support for encouragement, they lost the motivation to continue to press forward and were content with their position. This put them in a backward position compared to the enterprises in capitalist countries. This management system which obstructed the development of the forces of production could not bring into play the superiorities of socialism. A socialist country should give its enterprises real autonomy and must protect competition. In this way, it will ensure that the advanced enterprises are encouraged and the backward enterprises are spurred on, even if some of the enterprises are eliminated through competition. Socialist competition has the guidance of state planning, and the state can use economic information and economic levers to guide the direction of development. This competition will not produce an anarchic situation. There will be some enterprises which will be eliminated in the competition because they do not operate well. It is possible to select able people to start an enterprise anew by "arranging a cabinet," improving operations management, and readjusting the product mix. Many enterprises have already used this method to change losses into profits. "Eating from the same big pot" can only guarantee that backward enterprises will long remain backward. Only when there is competition and elimination through competition can we compel them to make every effort to improve.

In a socialist country, is it possible for only ownership by the whole people and collective ownership to exist? Is it possible, under conditions whereby the publicly-owned economy occupies the dominant position, to allow individual ownership to continue to exist and appropriately develop, and to allow the existence of other economic forms such as joint ventures and a small number of foreign-financed operations? Previously, we actually negated this, but now the policies of the central authorities affirm it. Practice has proved that diversified economic forms bring obvious results in promoting the development of the forces of production. In regard to state-operated enterprises, is it best to have unified responsibility for profits and losses and have them "eating from the same big pot," or is it best to allow them autonomy under the guidance and management of state planning, where they alone are responsible for their own profits and losses? In principle, we have already affirmed the latter methods, but in practice have not yet fully changed over to it. As for the agricultural collective economy, is it best to have unified guidance, collective labor, and egalitarian distribution, or is it best to have the laborers manage things themselves, be responsible for their own profits and losses and, under correct collective guidance, bring into play the enthusiasm of the individual laborers?

The latter method was affirmed in the past and has been confirmed by the policies of the central authorities. It has already achieved universally acknowledged results. This is the basic reform of the socialist economic management system. The aim of it is to enable our socialist system to be better able to promote the development of the forces of production than is the capitalist system.

The socialist system has basically eliminated private ownership of the means of production and the exploitative system created by it. The aim of production is to continually raise the living standards of the people, not to guarantee the highest profits for the bourgeoisie. Thus, it is possible for the development of the forces of production and the increase of purchasing power to advance at the same rate. If many products are produced this will raise the living standards of the people and will not give rise to production surplus crises which often occur in capitalist societies. Aside from this, any operation or management methods in capitalist society which reflect the patterns of modern socialized production should be fully utilized by us on a selective basis. If we are to strongly develop the commodity economy under planned guidance and develop competition under planned control, and particularly if we are to expand the autonomy of enterprises, bringing into play their enthusiasm and increasing the vigor of socialist enterprises will be a necessary guarantee for developing the forces of production. Weakening or even abolishing this autonomy will inevitably result in damage to the enthusiasm of the enterprises and the staff and workers and the fettering of the development of the forces of production. This sort of "socialism" is clearly undesirable. In the decision on reforming the economic structure passed by the 3d Plenary Session of the 12th CPC Central Committee, it was pointed out: "Comrades throughout the party should, in the course of carrying out reforms, firmly grasp the basic viewpoint of Marxism and take as the major criterion in assessing the advantages or disadvantages of all reforms whether or not they are beneficial to developing the forces of social production."

11. The reform of our nation's economic management system has, in the rural areas, already achieved a basic breakthrough. Now, in the great majority of districts, in rural production, production responsibility systems based on family units have been implemented. These have guaranteed large-scale growth in agricultural production for successive years. This is because they have given the peasants full autonomy, and thus aroused their production enthusiasm to the maximum. This form of agricultural operation based on family units is different to the former small-scale agricultural economy. Their land is collectively owned and the higher-level collective leadership organ is produced through elections by the laboring people. This organ must still be responsible for the unified planning of production. It also carries out coordination, supplies various types of service, and supervises the implementation of state policies and decrees. Now many communes (or townships) operate a large number of industry, commerce, and service industry. These enterprises are basically still collectively-owned and in future it is quite possible that they will develop into various forms of agricultural-industrial-commercial combinations, in accordance with the demands of socialized large-scale production. How we are to organize production will be determined gradually by summing up our practical experiences.

Animal husbandry industries (including raising pigs, cattle, goats and poultry, as well as breeding fish) have already seen the appearance of a great number of specialized households. Many families raise up to 100 pigs or 1,000 chickens and the forces of production have seen great development. The income of specialized households has grown several times or even several dozen times compared to the past when they just engaged in family sideline industry. The planting industry has also seen an inevitable development in the direction of specialization. In the past, land was allocated on the basis of the labor force available, so as to provide enough for families to feed themselves.

The planting of a small area by every family did not accord with the demands of developing the forces of production. The eastern, central, and southern regions of our nation are all areas where the population is great and the land resources few. Having each household use up a few mu of land, like the former situation where every household raised a few pigs and a dozen or so chickens, is not conducive to achieving prosperity quickly. It is necessary to expand the scope of operations. In developing the land for planting industries, it is appropriate to contract it to a small number of specialized households which are rich in agricultural production knowledge. The other rural households could then be shifted to animal husbandry, fish-breeding, forestry, industry and commerce, construction, transport and other sideline industries. After carrying out scientific planting of fields, agriculture will need more specialized knowledge, and the future inevitably requires the development of specialized households. Of course, the labor reallocation referred to above must be carried out gradually based on the willingness of the peasants. We certainly should not rush headlong into mass action. This is especially true in the case of contracting land for a certain number of years as, unless the peasants give up the land, the contracts cannot be changed. Under the conditions of socialized large-scale production, if all the specialized households wish to produce independently, they will have difficulties. This requires that there be organs with various economic functions, to provide service to them before, during, and after production. Following development of commodity production, the development of commerce and transport industries will become increasingly important. These specialized households will voluntarily move in a gradual way from being dispersed, into combinations, in accordance with the internal relationships of their economic activities. This is an objective law of socialized large-scale production. These combinations will clearly differ greatly from the combinations of the former "three levels of ownership, with production teams as the basic level." In this respect, we must continually create new experiences.

Starting in 1970, our country commenced in many areas, to develop commune (now called township) industries. At present, in our nation's industrially developed southeast regions and in the suburbs of some large cities, there are many townships where industrial output value now surpasses agricultural output value. Particularly in terms of simple income, industry greatly exceeds agriculture. These areas use some of their profits from industry to assist the development of agriculture. Along the coast the population and industrial production of large cities are excessively centralized and there is a need to shift some of the industry to the hinterland in order to spread it out.

Spreading industry to the rural areas will, apart from helping the large and small cities in the hinterland develop their industry, result in the township's development of industry and commerce which is an appendage of that in the cities. Previously the townships were all commodity exchange pivots between the urban and rural areas. After socialist transformation was completed, mass-nature commerce was replaced by state-managed commerce and supply and marketing cooperatives. Many of the townships went downhill. They were not beneficial to commodity production or exchange and they were extremely inconvenient for the urban and rural people. At the same time, as many townships developed industry, they changed from commercial centers into medium-sized or small industry and handicraft centers. After the great development of the rural commodity economy, the original commercial organs and networks were clearly unable to satisfy demands. In many areas, the peasants had difficulty in selling things (agricultural products) and difficulty in buying things (industrial products), and it was found necessary to expand the circulation channels between urban and rural areas and to encourage long-range transportation of goods. Now, many districts have developed multichannel operations with state, collective, and individual operations, and the townships have again become the pivots of commodity exchange between urban and rural areas. At the same time, the transportation industry has changed from being solely managed by the communications departments into a multichannel operation.

The number of peasants' vehicles (in the south there are also boats) is increasing, and the tendency of the urban and rural economy towards prosperity has become an unstoppable historical trend. We should earnestly promote the development of this tendency.

Our nation covers a large area and the economic development of the various areas is very uneven. Thus, it is not possible for every district to adopt the same pattern in developing its rural areas. We should act in accordance with the situation and develop a diversified economic structure. In the areas which engage in forestry or animal husbandry, we should further expand economic policies. This is particularly so in the minority nationality areas such as Xinjiang and Xizang. Carrying out the "three levels of ownership, with production brigades as the basic level" as the management system is clearly inappropriate. The economic development of these areas should be based on the actual local situation and should comply with the principle of minority nationality autonomy. The people themselves should establish economic forms which accord with the local level of development of production forces. In this way, will the new modern villages, which have diversified economic forms and which have developed together, be able to deviate from the socialist road? The answer is no. Throughout history, the villages have been attached to the cities and the small-scale economy has been attached to the large-scale economy. Just like the control which is widely developed in capitalist countries, whereby small enterprises and individual operations are unable to break away from the large financial organizations of capitalism, these diversified operations of socialist countries are unable to break away from the leadership of the socialist state-managed economy. State planning can utilize economic levers, particularly pricing policies, in guiding their direction of development, but this certainly will not change the socialist nature of the country.

III. The reform of our nation's economic structure has already achieved decisive breakthroughs in the rural areas. The task ahead is to continue to develop specialized economic combinations and to continue to develop diversified operations and commodity production in accordance with the demands of socialized large-scale production, so as to cause more peasants to become prosperous as quickly as possible. In the cities, although we have done much work and achieved definite results, we cannot say that we have achieved a basic breakthrough. An indication of this is that the two former systems of "eating from the same big pot" have not yet been basically changed. The enterprises, which are the cells of the socialist economy, lack vigor as before and the vast number of staff and workers, including scientific and technical personnel, still have not become masters of the enterprises. This must seriously fetter the development of the forces of production. The 3d Plenary Session of the 12th CPC Central Committee which was held in October last year, passed the "Decision of the CPC Central Committee on the Reform of the Economic Structure," which seeks faster reform of the overall economic structure, with cities as the focal points. If we say that the 3d Plenary Session of the 11th CPC Central Committee achieved a breakthrough in rural economic work, then I believe that the 3d Plenary Session of the 12th CPC Central Committee can achieve a new breakthrough in terms of urban economic work. This has far-reaching historical significance in our nation's realization of socialist modernization.

The urban economy is much more complicated than the rural economy, and thus the steps in the reform must be more cautious. However, there are some steps which are the same. As in the rural areas, where it was necessary to give the peasants wider autonomy, so in the cities it is necessary to give the enterprises wider autonomy. It is necessary to give the enterprises the appropriate decision-making power in the microeconomic field, so that they become economic entities which have real power, are capable of taking on responsibility, and can struggle by themselves.

It will no longer be possible to use profits to supplement losses. The enterprises can no longer rely on the state, "eating from the same big pot." Likewise, the staff and workers can no longer rely on the enterprise, "eating from the same big pot." In accordance with the spirit of the Central Committee's directive, I believe that in the reform of the management system of urban state-run enterprises, the following aspects must be earnestly handled:

First, the ownership of state enterprises should be in the hands of the state, but the enterprises themselves must be given appropriately independent operational management power. Over the last 2 years, in the financial management system, the "substitution of tax payment for profit delivery" has gradually been implemented. The previous situation of unified receipts and expenditure has changed to where the enterprises are responsible for their own profits and losses after paying taxes according to law. If an enterprise has funds, it can arrange them as it likes. Apart from using them in the enterprise for technical transformation, or for expanding or renovating the factory, it also has the right to invest in other enterprises to expand economic and technical cooperation. The enterprises have the right to expand collective welfare undertakings and to link up the economic results of the enterprise with the material interests of the workers so that, in accordance with whether production operations are carried out well or not, different levels of bonuses can be provided. Also piece-work rates, post subsidies, labor achievement bonuses and so on can be implemented. These bonuses should have no ceiling and no floor. Enterprises where bonuses are excessively high will have to pay taxes to the state in accordance with law, while loss-making enterprises will not be able to give bonuses and may even have to reduce wages. In this way, the enterprises will be able to go all out, the enthusiasm of the staff and workers will be aroused, and the two "big pots" will be smashed. This will cause the enterprises and staff and workers to make every effort to advance, to engage in competition, and to fully tap the enterprises' latent potential. This will result in rapid development of the forces of production.

Expanding enterprises' autonomy is not restricted to autonomy in use of funds after the substitution of tax payment for profit delivery. Equally important is giving enterprises, within the limits of state regulations, autonomy in selecting and purchasing the means of production, autonomy in selling their products, autonomy in pricing readjustments, and autonomy in personnel management and wage readjustment. That is, simply under the guidance of state planning, we must gradually give to the enterprises autonomy in supply, production, and sales as well as in personnel, funds, and materials. Thus, we can cause the enterprises to become real economic entities which are capable of taking responsibility for their own profits and losses. There is no question that state-owned enterprises, especially the large and medium-sized enterprises, should earnestly complete state plans. On the condition of their having completed state plans, we must give the enterprises autonomy in readjusting state plans and producing various types of products which accord with social needs, especially new products, on the basis of market information and supply-demand relationships. After completing state allocation and transfer tasks, the enterprises should have autonomy in selling those products which have been produced in excess of state plans, or those products that the state does not purchase. Also, enterprises should have the autonomy, in accordance with state regulations, to readjust prices, especially by having quality differential prices and other differential prices. This autonomy will not however extend to that small number of products which are in short supply and for which the state has stipulated prices.

Some comrades are afraid that once enterprises have autonomy in price readjustment, the prices of all sorts of products will rise one after the other. Actually, this situation would occur when the supply of many types of products did not meet demand.

However, when commodity supply is abundant, and some products are produced in excess of sales, when new products are emerging in an endless stream, when there are multi-channel operations and when there is competition in product sales, arbitrary price increases will be impossible. There are many products, especially old products which have been replaced by new products, which will see price decreases in the competition. Otherwise they will not sell. In order to encourage renewal and replacement, and to encourage enterprises to actively increase production of those products for which there are sales avenues, we must change the ossified pricing management system, and give enterprises, within certain limits, price readjustment power. This will be welcomed by the people everywhere. The prices of new products where supply does not meet demand can be raised a little while the prices of old products which are overstocked or obsolete should be allowed to be reduced so as to promote sales. The floating funds thus taken in can then be transferred to producing new products which will be welcomed by the people. This will cause enterprises to continually reform their operations management and to seek major methods for improving their technology and raising their economic results. Under such conditions, as long as there is no currency inflation, there will be no possibility of a general rise in prices.

Second, we should adopt the method of contracting, or collective ownership in managing a large number of the small state-owned enterprises, especially small commercial, food and drink, and service enterprises. In the past, because operational management in many small-scale enterprises was poor, heavy losses were incurred and the service attitude was terrible. However, after adopting the contract method, many small-scale enterprises quickly changed losses into profits. Formerly, many small-scale state-owned enterprises, because they lacked autonomy, relied on the state, "eating from the same big pot." They did not organize production or open sales avenues based on market demands. They became "three reliance" enterprises, which relied on state plans in organizing production, relied on the state in the allocation of raw and processed material, and relied on the state to purchase their products. They were not responsible and did not have the power to take responsibility for whether the products found a market or whether the enterprise made a profit or loss. An enterprise of this sort is unable to be vigorous. In the future we can use the contract management system, where enterprises have full autonomy and are responsible for profits and losses after paying taxes according to law. If large profits remain, they can, according to collective ownership methods, be used for expanding the scale of operations, for improving collective welfare, or for increasing bonuses. There can be collective contracts, individual contracts and systems of leasing instituted. In individual contracts, staff and workers should be given the right to share out bonuses, so that all staff and workers pay attention to improving the operations management of the enterprise.

Third, the labor offices and enterprises should organize well labor service companies, carry out vocational education for young people awaiting employment and help the enterprises, after they have reformed their operations management, to organize employment for their surplus staff and workers. The methods adopted in recent years to assist young people awaiting employment to find employment themselves have already been successful for several million people. This has resulted in social order becoming increasingly settled and a definite development in service industries, thus providing convenience to the masses. Now many cities which are seeing swift economic development have already solved their employment problems. There are still many cities though which have not yet completely solved their problems. There are many state-run enterprises, which, because they had irrational personnel management systems in the past, are now bloated, and have many more staff than needed. When earnest reform of the operational management system is being carried out, a large number of staff and workers will be retrenched and it will be necessary to arrange employment for them through expanding production and service avenues.

At present in society, the number of commercial enterprises, food and drink enterprises, and service enterprises is too small and far from satisfies the daily needs of the people. There is also plenty of room for development of many types of small-scale industry. In recent years, the Shoudu Iron and Steel Company has stringently implemented a fixed staff level. The surplus staff were organized into a labor service company. This did not increase the burden on the state and provided society with many products and a great increase in service facilities. This is a major avenue for promoting the modernization of enterprise management.

Some comrades are worried about whether, after the enterprises have been enlivened, national economic planned management will be damaged. I believe that this can be completely avoided. In the future, planned management will gradually rely less on mandatory planning and more on guidance planning and regulation by market mechanism. Guidance planning is also planned management. It is different in that it does not stipulate rigid planned targets, but stipulates planned targets of a reference nature which the enterprises can readjust in the light of market needs. The state will utilize economic levers, especially pricing policies, to guide the enterprises in achieving the state targets. After implementation of the responsibility system where remuneration was linked to production and which mainly used contracts based on family units, in agriculture we were still able to use pricing policies to make the development of various types of agricultural products accord with the needs of the country. That we were able to cause agriculture to realize such great achievements, which would have been hard to imagine in the planned system, is a successful experience in terms of guidance planning. At present, the industrial development of the energy and raw and processed material industries owned by the whole people is slow and is unable to satisfy demand. Also many processing industries which are backward in terms of techniques and technology are developing blindly, with production exceeding sales. This is aggravating the shortage of energy and raw and processed materials.

All this is caused by the irrationality of pricing. The former industries have low prices and make small profits or even losses. Thus, they depend on state subsidies for support. In the later industries, because the prices of energy and various types of raw and processed materials are too low, the products they produce reap great profits through high prices, giving rise to blind development of production. Only by readjusting irrational prices and through market competition, can we allow the prices for those products where supply does not meet demand, or for high quality products, to be raised, thus promoting production. By lowering the prices of those products where supply exceeds demand and of those poor quality products, or by shifting production, we will cause the profits of the former industries to be greater than those of the latter. In this way, not only can we maintain balance between the production and sale of various products, but we can guarantee that the enterprises continually reform their operations management, raise the quality of their products, and reduce their costs. This will greatly increase the overall economic benefits for society.

While implementing reform of the urban economic management system, it is necessary to carry out the gradual separation of party and government functions, and of government and enterprise functions. In future the various central responsible industrial departments should, except in a few special circumstances, hand over all of the enterprises over which they exercise direct control, to key cities for them to manage. This will bring into play the role of the cities in terms of unified planning, readjustment, reorganization, combination and the organization of specialized coordination. The key cities must likewise hand power in terms of supplies, production, and sales, as well as personnel, finances, and materials down to the enterprises, so that the enterprises really become lively economic entities capable of taking responsibility for their own profits and losses.

Only by casting off direct business management of subordinate enterprises, will the various responsible industrial departments be able to carry out unified planning, organize coordination, and carry out supervision of the enterprises of the same type in different areas. Only thus will they really be able to keep a firm grip on major aspects while allowing flexibility in minor ones. Taking the machine industry as an example, many industrial departments have machine-building factories. Each of them is "large and complete" or "small but complete." It is the same with the regions. This type of industrial guidance system which is carved up along departmental and regional lines is one of the major causes of duplicated construction, duplicated production, and duplicated imports. In the future, in accordance with the new management system, neither the Ministry of Machine-Building Industry, nor those ministries with machine-building factories, will manage enterprises. All machine-building factories will gradually be handed down to key cities for them to manage. This will result in the Ministry of Machine-Building Industry really becoming a functional department of the State Council, planning in an overall way the national machine-building industry. It will take responsibility for the planning, coordination, supervision, and service of the national machine-building industry, regardless of the enterprises' relationships. In this way, we will be able to avoid the former irrational phenomena whereby each managed its own side, there were wrangles between sides, all were "large and complete" or "small but complete" and it was not possible to organize specialized coordination.

After further expanding the autonomy of enterprises and separating government from enterprise functions, the tasks of the central and provincial responsible departments will not be lightened, and in fact will become more arduous. They will not only have to carry out unified planning for the enterprises which were formerly subordinate to them, but will have to carry out unified planning for all enterprises in the same industry. They will have to carry out coordination and supervision of the plans of all regions so as to avoid dispersal of strengths and duplicated wasteful construction. The State Planning Commission should transfer its major strengths to medium- and long-term plans for economic and social development. It should carry out coordination of the planning of various departments and regions, and resolve the contradictions within departments and regions and those between departments and regions. Some comrades are worried that the coordination will be difficult to achieve, that after autonomy is established in terms of supplies, production and sales, as well as in personnel, finances and materials, the various departments and regions will not listen to directions and there will be no means to guarantee the realization of the state plans.

Under the former management system, this really would have been difficult to achieve because government and enterprise functions were not separated and each department and each region managed its own enterprises. It would have been very difficult to coordinate. But after government and enterprise functions are separated and enterprises are handed down, the State Planning Commission and the responsible industrial departments will not differentiate between enterprises on the basis of their relationships. They should, in accordance with the principle of selecting and supporting the best, allocate funds on a precedence basis or provide credit to those backbone enterprises which have both prospects for development and good operations, and will thus show reasonably good economic results. They should also encourage the enterprises to form combinations with these backbone enterprises, and coordinate with them. Some will be able to engage in quite close combination and coordination, while for others the relationship will be quite loose. Also, in the past, capital construction was funded by state-financed gratis aid. If duplicated, wasteful construction was carried out and there were losses, and neither the locality nor the department had to take economic responsibility. In future, apart from key projects which must be built and where there is not the capacity to repay loans and they would thus have to be funded by state investment, other construction projects will have to be carried out through funds raised by departments or localities themselves, or through funds obtained, in accordance with state regulations, through bank credit.

If they turn out to be losses, then the department or locality will have to take economic responsibility itself. Thus, if through consultation, we can cause departments, localities and enterprises to understand the overall situation, and to use a scientific attitude in assessing the feasibility of success, then in general they will not risk dangers, and will be willing to accept coordinated projects. The state can also use the economic levers of taxation and bank credit to assist or restrict the development of various enterprises, and to guide the direction of development of various types of enterprises.

The decision on reform of the economic structure passed by the 3d Plenary Session of the 12th CPC Central Committee pointed out "Pricing is the most effective means of regulation. Rational pricing is an important condition for guaranteeing that the national economy is lively but not disordered, and thus the reform of the pricing system is the key to the success of the overall reform of the economic structure." Practice has proved that the law of value is the most effective means of regulating production and construction, and for guaranteeing the realization of state plans. Previously, we did not pay attention to this law or study how to use it -- a major reason why it was impossible to enliven the economy. In future, with the condition of government and enterprise functions being separated, the State Planning Commission and the various departments and regions can centralize their strengths in grasping medium- and long-term plans for entire industries, and use these economic levers in coordinating the economic interests of the various sides so as to motivate the enthusiasm of all sides. This is to say, they should organically combine the planned economy with the utilization of the law of value. In this way, it will be entirely possible to do well in the reform of the planning management system. This will encourage enterprises to follow state plans and the continuously changing demands of the market. This is the socialist road with Chinese characteristics which is possibly most beneficial to promoting the development of the forces of production.

MEETING ON CONSOLIDATING ENTERPRISES HELD

OW211245 Beijing XINHUA Domestic Service in Chinese 1528 GMT 20 Mar 85

[By reporter Zhang Jinsheng]

[Excerpts] Beijing, 20 March (XINHUA) -- The key to building the leading bodies of enterprises well is still promoting a large number of young and outstanding intellectuals to various leading enterprise posts, particularly promoting outstanding talents around the age of 40 to various important leading positions. This was pointed out at today's regular meeting on consolidation work of enterprises under the various departments of the State Council. While ensuring a good job, it is necessary to accelerate the tempo and strive to readjust properly the leading bodies of 1,000 backbone enterprises, which are currently under readjustment or have not yet started readjustment, before the end of this coming June.

Wei Jianxing, deputy director of the CPC Central Committee Organization Department, and Yuan Baohua, leader of the National Enterprise Consolidation Leading Group and vice minister in charge of the State Economic Commission, spoke at today's regular meeting. They summed up the work since the national forum on building of the enterprise leading bodies held last August, and arranged the various tasks and measures for currently readjusting the leading bodies of enterprises.

Wei Jianxing said: As of the end of February, 1985, some 1,900 enterprises of the total of over 3,000 large- and medium-sized backbone enterprises have readjusted the leading bodies. This represents 62 percent of the total. After readjustment of the leading bodies, the quality of cadres has markedly improved.

However, the main problem of the current consolidation work of the enterprise leading bodies is uneven development. There are still over 10 provinces, cities, and departments which have not readjusted half of the leading bodies of the backbone enterprises. The difference between the individual areas is great. Therefore, we must raise our understanding, strengthen leadership, and firmly carry out the work of readjustment.

Yuan Baohua pointed out: It is important to strengthen the ideological building of the leading bodies, improve work style, enhance party spirit, straighten out party discipline, and regard the above as an important agenda for building the leading bodies of the enterprises. Currently, the new unhealthy tendencies emerging in some enterprises are directly related to the enterprise leaders' lack of concern for the overall situation, weakness in party spirit and state ideology, and laxity in discipline. In consolidating the enterprises this year, it is essential to regard rectification of the unhealthy tendencies as an important aspect of improving the ideology and work style of the leading bodies of enterprises, and of consolidating finance.

Representatives of Hubei Province, Beijing Municipality, and the Ministry of Coal Industry also briefed today's meeting on their experiences in consolidating the leading bodies of enterprises under their localities and departments.

GIVING DECISION-MAKING POWER TO ENTERPRISES URGED

HK221034 Beijing RENMIN RIBAO in Chinese 18 Mar 85 p 5

[Article by Ma Bin: "Why Should Enterprises Have the Power To Expand Reproduction?"]

[Text] In socialist society, large-scale investment projects for expanding the production capacity of enterprises owned by the whole people should be conducted by the state, and the enterprises' large-scale extension and transformation projects should also be included in state plans. At the same time, however, enterprises owned by the whole people should have certain power to decide the expansion of their production capacity and to accumulate their own funds and make investments on their own. This is required objectively by the development of socialist reproduction.

First, socialist production should be conducted on the basis of continuously expanding reproduction, and social demand for various products (including production materials and consumer goods) is bound to increase continuously. In general, the satisfaction of this increasing demand relies mainly on the increasing output of the existing enterprises. So their production capacity must be enlarged gradually rather than resting on an unchanged level.

Second, the rapid development of new technology also requires the enterprises to make transformation, innovate product designs, and renew equipment without delay so as to upgrade their technological level. Of course, large-scale technological transformation projects in these enterprises should still rely on state investments, but the enterprises should also have the ability to make necessary innovations and transformations in the course of routine equipment maintenance and renewal. Apart from maintenance funds and depreciation funds, their equipment maintenance and renewal also require an appropriate amount of supplementary investment. Technological development gives rise to changes in social demand for products and requires the enterprises to change and upgrade their product lines promptly. So the enterprises must always design, test, and produce new products and must improve and revamp their equipment by adopting new technologies. It will not be possible for the enterprises to do all this if they are not allowed to make an appropriate amount of supplementary investment. Moreover, the emergence of new products will stimulate the increase in social demand for these new products and thus prompt the enterprises to expand the scale of production.

Third, when the enterprises increase their production capacity by raising the technological level, they also need to enlarge the size of their production. When increasing their production capacity, the existing enterprises should mainly make efforts to raise their productivity and lower material consumption by improving their technology, and should not mainly conduct unnecessary expansion projects. However, intensive technological development and extensive production development are not two completely contradictory things; instead, they supplement each other. In the process of intensive technological development, it is often necessary to increase the number of technicians and to add new equipment to the existing plants, or to set up new workshops in old factories and to add new devices to the old equipment. All this may help achieve better results and raise economic efficiency. However, the enterprises will not be able to do so if they merely have funds for maintaining simple reproduction. Therefore, they need a certain amount of supplementary investment.

It should be pointed out that authorizing the enterprises to make certain investments in expansion projects with the funds that they have accumulated by themselves will enable them to economize on financial resources and to raise economic efficiency. This is because the enterprises know best the state of their production and markets and the supply of the materials they need in production, and are aware of the new trends of the technological development in their own trades and of the changes in social demand for their products. They can reasonably select the investment outlets when they decide their transformation or extension project so as to achieve higher economic efficiency and prevent blind investment. Investment on the basis of the enterprises' own funds is directly related to the material interests of the enterprises themselves and of their workers, and this will also prompt them to carefully choose the correct investment outlets, to economize on the use of their funds, and to speed up the turnover of these funds, and will prevent them from squandering the money allocated by the state by drawing up exaggerated budgets.

It is certain that the enterprises' power to increase their production capacity should be subject to some prescribed limits. The large part of the net incomes of the enterprises should be handed over to the state in the forms of tax payment or profit delivery, and only a small proportion of the incomes can be retained by the enterprises as their own funds. The funds retained by the enterprises, after funds for rewards and collective welfare are deducted, should be used by them to expand their production capacity. Meanwhile, the enterprises should subject their development projects based on their own funds to state plans and prevent uncoordinated development.

ENTERPRISE INVESTMENT DECISION-MAKING EXPLAINED

HK230910 Beijing RENMIN RIBAO in Chinese 15 Mar 85 p 5

[Article by Ji Jiansi: "Delegate Greater Power to Enterprises in Making Investment Decisions"]

[Text] The restructuring of the national economy, which focuses on invigoration of enterprises, is now in full swing. To suit the needs of this situation, we should further reform the management system of capital construction. In recent years the management system of capital construction has been somewhat reformed. For example, financial allocation for investment in capital construction has been replaced by bank loans, the system of investment responsibility, and the system of public bidding. However, all this merely involves reforms of the procedures for capital construction operations, but does not touch the procedures for making decisions about capital construction and decision-making power in regard to enterprise investment.

Enterprises Should Have a Certain Degree of Decision-making Power in Investment

Enterprises owned by the whole people should be given greater decision-making power so that they will have the ability to carry out technical transformation and promote development and so they will become relatively independent commodity producers. To this end, enterprises should be given relevant decision-making power over investment, that is, decision-making power in a certain number of projects.

First, under the conditions of socialized mass production, social division of labor and the division of labor in enterprises become still more precise, conditions for enterprises differ in thousands of ways from each other, and social requirements are intricate and volatile. Socialist state institutions are owners of the means of production as well as top policy-makers. When information reflecting enterprise operations is transmitted through too many channels and levels of management, it is impossible to avoid distortion and delays. Ours is a big socialist country with numerous enterprises, and the development of these enterprises is quite uneven. It is, therefore, absolutely impossible to include all investment activities of enterprises in an all-encompassing plan. One of the major drawbacks of our capital construction system is the highly centralized power in making investment decisions. This divests enterprises of their power not only in reproduction of fixed assets on an extended scale, but also in simple reproduction. As a result, the enthusiasm of enterprises has been greatly dampened and many problems have emerged such as the aging of machines and production facilities, outdated technology, and no improvement in quality and variety of products for decades.

Second, viewed from the process of production and continuous circulation of funds, enterprises should not only have the power to plan production, to plan supply and marketing, to appoint and remove their personnel, and to budget their funds, but they should also have the power to update their production facilities, carry out technical transformation, and rebuild and expand themselves. This means that enterprises should be entitled to make decisions on expanded reproduction, which is an important aspect in the operations and management of enterprises. If enterprises do not have any power to make investment decisions, and if they cannot independently decide on expansion of reproduction, then their power in management and operations remains insufficient.

Third, when enterprises become producers and operators of commodity production, they are independent and responsible for their own profits and losses. Making profits is then one of their major aims. This is also the internal motivating force for their continuous development. By applying the law of value, enterprises not only concern themselves with average profits but also try in every possible way to seek super profits. The quality of the enterprise products should be examined by the domestic market and by the world market as our country opens to the outside world. Keen trade competition between enterprises is inevitable. To face such competition, enterprises should strive for existence and progressive development. To this end, the most feasible methods are to constantly carry out technological transformation so as to improve labor productivity and cut down production costs, and to open up new markets by increasing new products and varieties. If enterprises do not have the power to make investment decisions, they can hardly do this.

Fourth, according to the previous investment control system, enterprises carry out investment gratuitously. They are reimbursed for what they spend and do not assume any responsibility for economic returns. This naturally spurs localities, departments, and enterprises to scramble for investment-oriented projects regardless of the necessary procedures for capital construction and without consideration for returns on investment.

If enterprises are given some power in making decisions on investment, they will certainly collect market information energetically, analyze the investment climate, and work out practical plans for investment, and they will carefully calculate and strictly budget construction funds so as to achieve better economic results, because proper use of these funds is closely bound to the interests of all the workers and staff members.

With What Kinds of Decision-Making Power Should Enterprises Be Delegated?

In order to give full play to decision-making power in investment, it is essential to study what kinds of decision-making power in investment should be given to enterprises.

At present the funds retained by enterprises owned by the whole people are twofold: The first part is depreciation funds, and the other is after-tax profits. The power to use depreciation funds, which are regarded as value compensation for fixed assets, should be delegated to enterprises. Meanwhile, the depreciation funds of some new enterprises which do not need technological transformation in the near future, or of some old enterprises which are scheduled to be closed, should no longer be submitted to the higher authorities. Instead they can be deposited in the People's Construction Bank of China to be used in a unified way for promoting the national economy. In order to apply the principle of "first compensation, second accumulation" and the principle of "first production, second capital construction," it is necessary for the state to define and supervise the use of depreciation funds in a given period of time. For a long-term point of view, the problem of whether depreciation funds are used for technological transformation or for building or expanding enterprises should be decided by enterprises, which should prudently handle the problem according to the principle of achieving better economic returns. The ownership of after-tax profits, which are regarded as part of the funds retained by enterprises, is naturally attributed to the whole society, but the control over these funds should be given to enterprises, which have the right to use them for expanded reproduction. Under the guidance of the state plans and in observance of the relevant state policies and decrees, enterprises can use after-tax profits as their accumulated profits, use them as an investment in other trades in order to promote diversification, or use them as an investment in some projects which are built in cooperation with other enterprises and areas.

In a broad sense, the decision-making power of enterprises in investment should also include the funds raised by enterprises through different channels and methods. With the growth of our economy, fluid social funds will increase. Some enterprises may have surplus funds, while others may urgently need capital for expansion of production. Under certain circumstances, enterprises are therefore allowed to borrow money from banks or collect funds in varied forms in society. This is conducive to further enlivening the economy and stepping up the development of production. Meanwhile, it should be noted that money markets have emerged in our country. When enterprises adopt the plans laid down by the departments they are subordinate to and by the local authorities and when they can pay all the taxes, including the building tax, it is definite that they will raise funds in society.

Correctly Handle the Problems That May Arise

Some comrades are worried that after decision-making power in investment is delegated to enterprises, social funds may gradually be dispersed and blind investment in some projects may become more serious, thus extending capital construction on a large scale and causing a grave imbalance in national economic growth. There is such a possibility, but this does not mean that delegation of greater power to enterprises in investment decisions will definitely lead to a larger scale of capital construction.

If we simply compare the highly centralized and unified management system with the system of delegating decision-making power to enterprises, it is not difficult for us to see that the former is relatively advantageous to the state macroscopic control but it liable to dampen the enthusiasm, creativeness, and aggressiveness of enterprises. The latter is liable to give rise to blind investment in construction projects but is helpful to giving full play to the vitality of enterprises. Considering the aim of the current reform and China's actual conditions, we believe that we should adopt a management system, either unified or flexible, for capital construction. The state macroscopic control over capital construction should be advantageous to an increase in the vitality of enterprises, but not the opposite. No doubt, any economic mode has advantages and disadvantages. There is nothing that is completely perfect. This requires us to correctly deal with all kinds of problems that may arise in the course of delegating decision-making power to enterprises in investment. We should neither look on with a lack of concern, nor would we give up eating for fear of choking and stand still. But we should make every effort to look into a capital construction management system which can vitalize enterprises and can ensure effective macroscopic control. It is entirely possible for us to do so.

First, as far as the interests of enterprises owned by the whole people and the interests of the whole society are concerned, they contradict each other and are linked, but fundamentally speaking, they are also similar. For this reason, enterprises can certainly accept the state guidance when they make investment decisions.

Second, delegating greater decision-making power to enterprises over their investments does not mean that the state lets things drift. When delegating power to enterprises, the state should strengthen examination, supervision, guidance, and regulation of investments made by enterprises and exercise control over the investment scale and orientation as well as the areas and key projects in which investments are made. What is different is that such control should not depend solely on administrative means. As development of a planned commodity economy is based on public ownership, the state can strengthen management in enterprises by economic, administrative, and legal means. It can also decide on the removal of enterprises to other places, their change to other product lines, their merger with other enterprises, suspension of operations, or closing them down.

Third, enterprises have limited financial resources after paying taxes, so they need to raise funds in society or borrow money from banks to step up construction activities. Therefore, the state can regulate and intervene in the investment activities of enterprises by means of interest rates through banks which are under the control of the state. Moreover, the state also controls the economic levers such as pricing, tax rates, and subsidies. With all the systems progressively improving and the economic levers to apply, the state will be able to guide the investment orientation of enterprises toward the correct path of national economic development.

It is now worth noting that the capability of the macroscopic state control may likely be weakened at a time when the new capital construction management system replaces the old. This requires that we be realistic in reforming the capital construction management system, and that the reform be carried out by stages and in coordination with the restructuring of the national economy as a whole. Impatience for success will cause some unnecessary losses to the national economy.

CHEN XILIAN, OTHERS PAY RESPECTS TO LI JITAI

OW240423 Beijing XINHUA Domestic Service in Chinese 0840 GMT 23 Mar 85

[Text] Beijing, 23 Mar (XINHUA) -- After failing to respond to all medical treatment, Comrade Li Jitai died of illness in Beijing on 22 January 1985 at the age of 66.

Comrade Li Jitai, a native of Wucheng County, Shandong Province, joined the revolution in 1937 and was admitted into the CPC in 1938. He successively assumed the posts of instructor, teacher, director of the regiment political department, director of the political department and political commissar of the division, chief of staff and first deputy commander of Corps No 38, deputy commander of the antiaircraft force under the Beijing Military Region, and deputy commander and commander of the Beijing Military Region Air Force.

A ceremony to pay last respects to Comrade Li Jitai was held at the auditorium of Babaoshan Cemetery of Fallen Revolutionaries on the afternoon of 19 March. Comrades Chen Xilian, Duan Junyi, Hong Xuezhi, Yang Chengwu, principal leaders of the Ministry of Aeronautics Industry, and Comrade Li Jitai's good friends attended the ceremony. Comrades Wang Zhen, Li Desheng, Gu Mu, Zhang Aiping, and Kang Keqing sent wreaths to the ceremony.

AIR FORCE COMMANDER AT TREE-PLANTING CEREMONY

HK210404 Beijing RENMIN RIBAO in Chinese 20 Mar 85 p 4

[Report by correspondent Zhou Zhizhong: "Air Force Commander Zhang Tingfa, Others Plant Trees at an Airport of the Beijing Air Forces"]

[Text] "Our Army is educated and civilized. Beautifying the surroundings of our barracks is an expression of this education." Air Force Commander Zhang Tingfa made this remark on 13 March during an inspection of the barracks construction project at an airport in Tianjin under the Beijing Air Force units. He said that every airport should have a long-term transformation plan, a stable leading body, and firm guidelines to follow.

Participating in the tree-planting activities were Gao Houliang, political commissar of the Air Force, and leading comrades of the Beijing Air Force units.

REALIZATION OF BENIGN ECONOMIC CYCLE EXAMINED

HK250241 Beijing JINGJI RIBAO in Chinese 19 Mar 85 p 1

[Report: "Prospects for a Benign Circle in Our Country's Economy Are Unfolding"]

[Text] It has been learned by this reporter from reliable sources that in 1984, our economic construction efforts made an initial break from the old road of longstanding obstructions and setbacks, and a bright picture of a benign national economic cycle is beginning to unfold before us. Its chief indicators are:

-- The harmonious development of agricultural output value rose 14.5 percent, that of light industry 13.9 percent, and that of heavy industry 14.2 percent. "Symmetry" was achieved in the development of agriculture, light industry and heavy industry. Their rate of growth also has been very fast. The proportions of agricultural, light industrial and heavy industrial output value in the total industrial and agricultural output value were 27.8, 31.1 and 41.1 in 1978, and 34, 31.7 and 34.3 in 1984. The agricultural proportion showed an obvious increase and that of heavy industry a drop. This shows that the problem of an imbalance among agriculture, light industry, and heavy industry that had plagued us for many years has shown initial improvement after several years of readjustment, and especially after the efforts of 1984.

This is something of great consequence. It especially carries far-reaching strategic significance as far as the continuous, steady, and harmonious development of our national economy in the future is concerned.

-- The relationship between consumption and accumulation was characterized by a trend toward harmony. In 1984 the peasants' net income showed an increase of 14.7 percent over the preceding year. Workers' actual wages rose 13.2 percent. The per-capita levels of consumption in daily life respectively rose 10.1 percent and 12.5 percent over the preceding year. The availability of adequate food must go hand in hand with the presence of construction projects. On the basis of an improved living standard for the people, accumulated funds also showed an increase. The percentages accounted for by accumulated funds in the national income were 36.5 percent in 1978; 28.5 percent in 1981 and 30 percent in 1983. Last year saw a slight increase in such funds. This shows that the past phenomenon of stressing accumulation to the neglect of consumption, with production and construction not in balance with consumption in daily life, has begun to change. Accumulation and consumption have become increasingly balanced, showing harmonious development. This is an important matter of great strategic significance.

-- An improvement in economic results. In 1984 income from the sales of state industrial enterprises included in the budget rose 10.4 percent, profits and taxes realized rose 10.5 percent, and total output value rose 10.6 percent, thus achieving the aim of "symmetry" in growth. Losses of money-losing enterprises dropped 23 percent compared with the preceding year. The turnover period for liquid funds was shortened from 108 days in the preceding year to 102 days. A savings of 20 million tons of standard coal was effected. The productivity of a full-time worker rose continuously. This shows that our industrial production has been initially lifted from the previous state of stressing output value to the neglect of economic results and has begun to embark on the road focusing on economic results.

A responsible person from a department concerned stated to this reporter that the favorable economic situation in 1984 far exceeded people's expectations. For a long period of time we have tried by every means to bring about a benign national economic cycle. Now this wish is about to be realized. This is the result of the guidelines calling for reform, opening to the outside world and displaying vitality. This is also the fruit of the common efforts of the people throughout the country. Of course, problems also exist in our advance. The consumption funds have swollen too quickly. The scale of investment in fixed assets is still on the excessive side. There is still too great a strain on electricity supplies, communications and transportation. Relations between some economic sectors have yet to be completely straightened out. We must squarely face up to these problems and further bring about a benign national economic cycle.

ANHUI PLA APOLOGIZES FOR ATTACKING CADRES

OW221121 Hefei Anhui Provincial Service in Mandarin 1100 GMT 19 Mar 85

[Text] The provincial military district party committee recently dispatched representatives to visit nine prefectures and cities, namely Hefei, Huainan, Luan, Anqing, Maanshan, Tongling, Wuhu, Xuancheng, and Caohu, to make self-criticism of the provincial military district's participation in the "three supports and two militaries" during the Cultural Revolution; it won favorable comments from the local cadres.

During the visits the representatives held 12 discussion meetings with over 80 prefectural and city leading cadres. They also called on old comrades who had been seriously attacked during the Cultural Revolution and have retired. A warm atmosphere of close unity between the Army and the government and between Armymen and the people prevailed throughout their entire visit. Not allowing themselves to be swayed by personal feelings, a number of old comrades made an objective historical analysis of the "three supports and two militaries."

(Xiang Yin), adviser to the Caohu prefectural party committee and its former deputy secretary, said: The Cultural Revolution was fundamentally wrong, and the "three supports and two militaries," as a product of the Cultural Revolution, had of course no merit whatsoever. However, the Army should not be blamed because it was ordered to support the left. It committed an unusual mistake under extraordinary historical conditions.

In light of their personal experience, many leading cadres said: In the past, we founded New China with unity between the Army and the government and between Armymen and the people. Today, we still need this unity to carry out the modernization program. Since the provincial military district party committee has taken the initiative to dispel the alienation, we should also take action to promote unity. The Army and the government and Armymen and the people should make concerted efforts in striving to revitalize the Chinese nation and push forward the work in all fields in Anhui with one heart and one mind.

FUZHOU MILITARY EDUCATES CADRES IN DISCIPLINE

OW241205 Beijing XINHUA Domestic Service in Chinese 0126 GMT 24 Mar 85

[By reporter Jie Yanzhen]

[Text] Fuzhou, 24 Mar (XINHUA) -- During the second-stage party rectification, the CPC Committee of the Fuzhou Military Region has been concentrating on heightening party members' consciousness to combat unhealthy tendencies by educating them on the need to obey discipline and law. Fu Kuiqing, political commissar of the military region, has instructed that education will continue through the entire process of the second-stage party rectification. He said that this is also a required project for units that have already accomplished party rectification.

The CPC Committee of the Fuzhou Military Region has come to realize from analyzing the party members' ideological state that, during the current new situation marked by economic reform and reorganization of the Armed Forces and the streamlining of their organizational setups, the sense of organizational discipline and law has become blunted among some party members and leading party cadres, although the degree of seriousness of this trend varies. For this reason, the military region party committee decided to intensify educating the party members of units engaged in the second-stage party rectification on the need to obey discipline and law. It has also set specific requirements as to what should be attended to during the education, as well as to why, when, and how it should be carried out.

Moreover, it has also commended a group of party members and cadres who have set good examples in observing discipline and law. During the course of education, all units have been earnestly studying the basic knowledge of party regulations and party discipline. Consciously linking study with reality, the party members have been examining their words and deeds in five respects: First, how strong is their party spirit, and are they doing their work within the scope tolerated by the state's policies and law? Second, have they subordinated to the overall situation of national construction, and have they engaged in commercial activities in their interest or in the interest of a small group of people, taking advantage of the loopholes in economic reform and reorganization of the Armed Forces? Third, have they strictly enforced all orders and restrictions, and have they engaged in commercial activities in a covert manner? Fourth, have they followed party orders in doing everything? Have they carried out the practice of "taking countermeasures at the lower level against the policies adopted at the higher level" and of persisting in their old ways? Fifth, have they ever violated party regulations and discipline?

Meanwhile, the party committee of the Fuzhou Military Region has dispatched three inspection groups to nearly 100 units in the region to inspect how their party members have been obeying discipline and law, investigate and analyze good and bad examples, and use facts to help party members heighten their sense of obeying discipline and law.

XIANG NAN ADDRESSES FUJIAN RECTIFICATION MEETING

OW221336 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 20 Mar 85

[Text] Comrade Xiang Nan made an important speech, entitled "Successfully Carry Out Party Rectification, Promote Reform, Make Relentless Efforts To Check New Unhealthy Tendencies," at the provincial party committee's meeting on party rectification work.

Xiang Nan said: Successfully carrying out party rectification, promoting reform, and making relentless efforts to check new unhealthy tendencies are interrelated. The purpose of party rectification is to promote reform, fulfill the goal of quadrupling the country's annual gross value of industrial and agricultural production before the end of this century, and stimulate the development of productive forces. In order to ensure smooth progress of reform, it is necessary to make relentless efforts to check new unhealthy tendencies. If new unhealthy tendencies spread unchecked, we will not be able to successfully carry out reform and party rectification. We carry out the party rectification not merely to rectify the party, but to solve problems.

Xiang Nan pointed out: In checking new unhealthy tendencies, it is necessary to first make resolute efforts and second, to follow policy. He said: Most new unhealthy tendencies now are generally caused by the failure to correctly understand policy by comrades, localities, or units concerned; and some are caused by the lack of experience. Therefore, we should summarily punish violators by expelling them from the party and giving them disciplinary action. However, those who have seriously violated law and discipline should be expelled from the party or dismissed from their posts and deemed necessary. Those who have violated the criminal law should be duly punished in accordance with the law. All localities should concentrate the efforts at tackling a few typical major cases and, after investigation and study, severely punish the violators in accordance with the law, as well as vigorously publicize these cases in the newspapers. We should not be softhearted toward new unhealthy tendencies because tolerance can only abet more evil.

Comrade Xiang Nan said: We must do a meticulous and solid job in party rectification, reform, opening to the outside world, and the economic work, as well as in the relentless checking of new unhealthy tendencies. For example, we must obtain a comprehensive understanding of the grain problem in Fujian, adopt a realistic attitude toward agricultural restructuring, and carry it out in a planned and systematic manner. We should not rush headlong into mass action in solving the problem. We should also pay serious attention to some localities that do not attach importance to grain production. Economic structural reform, capital construction, technical transformation, imports of foreign technologies, and other work in cities also require us to make meticulous and solid efforts.

In conclusion, Comrade Xiang Nan said: The seriousness of new unhealthy tendencies does not indicate that evil is taking an upper hand. The situation as a whole is good. Our party is wise in promptly noticing problems and in issuing warnings to all party members and taking action to check unhealthy tendencies. So long as the whole party pays keen attention to new unhealthy tendencies, unifies thinking, has leaders personally involved in the work, and adopts effective measures, new unhealthy tendencies will certainly be checked, there will be a change for the better in the party's style, the economy will be enlivened, and the reform will be more successfully carried out.

SHANGHAI PREPARES FOR NEW PATENT APPLICATIONS

HK220637 Beijing CHINA DAILY in English 22 Mar 85 p 2

[By staff reporter Su Zhen]

[Text] Shanghai -- After sponsoring a half-day conference this week to explain China's new patent law, Shanghai officials said at least 300 applications, mostly for scientific work, are ready to be filed. China's new patent law takes effect in April.

Cao Yuyao, deputy director of the Shanghai Patent Administrative Bureau, said 1,000 participants attended the briefing. "Our aim is to prepare the whole of Shanghai for the implementation of the new law," said Cao. Response, he said, has been positive. Scientific institutions, in particular, are very interested in legally safeguarding the results of their research.

Various institutes under the Shanghai Academy of Science now have more than 200 applications ready to file, he said. And nine major universities in the city indicate they will file another 100 applications.

To facilitate the paperwork for the new patent system, special organizations have been established. The Shanghai branch of the China Patent Bureau will handle filings in the Shanghai area. The Shanghai Patent Administrative Bureau has been formed to solve any disputes that may arise, while the Shanghai Patent Agency will specialize in providing help to overseas filers. The Shanghai Judicial Bureau will handle any lawsuits arising because of the law.

Cao said lectures and training courses have been held in Shanghai to train patent agents. There are currently about 480 people who will be involved in administration of the new patent law. However, officials believe the number will eventually have to be expanded.

Cao said the Shanghai Science and Technology Data Research Institute will assist applicants in preparing patents. The institute has collected 13 million patent illustrations from patent bureaus overseas.

HENAN URGES ACTION ON GRAIN CENTER PROBLEMS

HK251500 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 23 Mar 85

[Text] By adopting such means as colluding with people outside the grain center, speculating in state grain, and wantonly increasing grain prices, Director (Qi Jinzhou) and Deputy Director (Wei Dehua) of (Tandian) grain center in Xiping County have illegally sold some 586,000 jin of grain from the state granary to make a profit of about 5,100 yuan. They have been punished according to party discipline and administrative discipline respectively.

In December 1984, in collaboration with a handful of staff members of the (Tandian) grain center and (Tan Baoan) and others in (Tandian) village, (Qi Jinzhou) and (Wei Dehua) bought at low prices some 113,040 jin of maize from the (Songji) grain center and some 144,000 jin of maize from the (Zhuantan) grain center. Later they sold the maize at higher prices to make a profit of some 5,179 yuan. Of this illicit money, (Qi) got 450 yuan and (Wei) 720 yuan. In January this year, by adopting the means of colluding with people outside their grain center, (Qi Jinzhou) and (Wei Dehua) twice speculated in state grain for profit. In this speculation, (Qi Jinzhou) got 650 yuan and (Wei Dehua) 950 yuan illegally.

The Xiping County CPC Committee and Discipline Inspection Committee decided, apart from confiscating all the money which (Qi) and (Wei) had illegally obtained, to place (Qi Jinzhou) and (Wei Dehua) on 2-year probation with the party and suggested removal from their administrative posts. Recently the provincial CPC Committee and Discipline Inspection Committee issued a circular on the above case, demanding that CPC committees and discipline inspection committees at all levels seriously investigate and handle various violations of discipline.

The circular said: At present quite a few problems exist in the province's grain departments. Some party members and cadres in town and township grain centers and in the agricultural and sideline products procurement departments have paid little attention to policies, disregarded party discipline, refused to enforce orders and prohibitions regarding the policies formulated by the CPC Central Committee and the State Council, and adopted various means to do harm to the state and masses and to obtain money illegally by taking advantage of the reform. Some of them, by taking advantage of different grain prices, purchased the grain from one granary at low prices and sold it to another granary at negotiated prices, or purchased grain from the market at low prices and sold the grain to the state at negotiated prices to make illegal profits; some, in purchasing grain and cotton, deliberately downgraded the quality of the grain and cotton of the sellers or practiced fraud in weighting it; some charged those selling cotton excessive fees to process unginned cotton; some gave false information about price increases in cotton and grain to get more money. All these cases of violations of laws and discipline have not only hampered the implementation of the party's policy on the rural economy, disrupted the reform of the economic structure, and undermined the relationship between the party and the masses, but have also seriously corrupted some cadres.

The circular demanded that CPC committees and discipline inspection committees at all levels -- county, city, and district CPC committees and discipline inspection committees in particular -- and responsible government departments pay sufficient attention to the malpractices in grain departments, seriously examine and handle the cases which have been disclosed, resolutely correct the attitude of ignoring these cases, eliminate the bureaucratic tendency to tolerate and indulge these malpractices, and overcome weakness and laxity.

HUBEI'S GUAN GUANGFU AT SOCIAL SCIENCES MEETING

HK260312 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 22 Mar 85

[Excerpts] The third Hubei provincial congress of social science circles concluded in Wuchang this morning. The conference on social science work held by the provincial CPC committee also concluded at the same time. At the congress and conference, the representatives listened to and discussed the important speech delivered by Comrade Guan Guangfu, secretary of the provincial CPC Committee, and discussed the decision on strengthening our province's social science work which the provincial CPC Committee would make soon.

All of them held that Comrade Guan Guangfu's speech and the provincial CPC Committee's decision have fully affirmed our province's achievements in social science work, have emphasized the role and functions of social sciences in socialist modernization, have expounded the guiding ideology of social science work, and will surely play a great role in promoting the prosperity and development of social sciences in our province.

At the congress and conference the representatives also listened to, examined, and discussed the work of the provincial Federation of Social Sciences, discussed our province's Seventh 5-Year Plan for the social sciences, discussed and adopted the new regulations of the provincial Federation of Social Sciences, and elected the new leadership organ of the provincial Federation of Social Sciences.

The third committee of the provincial Federation of Social Sciences comprises 150 people, with Zhang Kaiyuan as the chairman. There are 12 vice chairmen, who are (Wang Wensheng), (Wang Qirong), (Shi Jian), (Ye Jingze), (He Shangming), (Yang Xianghai), (Liu You), (Hao Puyi), (Xu Shantai), (Tao Delin), (Xia Zhenkun), and (Zeng Qixian).

At the closing ceremony, leading comrades of the provincial CPC Committee, the provincial People's Congress Standing Committee, and the provincial government, including Guan Guangfu, Huang Zhizhen, Qian Yunlu, Han Ningfu, and Tian Ying, awarded citations and bonuses to the prizewinners who made outstanding achievements in the social sciences in our province between 1978 and 1983.

Zhang Kaiyuan, chairman of the provincial Federation of Social Sciences, delivered the closing speech at the congress and conference. He said: Now is the best opportunity to develop the social sciences. We must unite even more closely, must adhere even more conscientiously to the principle of linking theory with practice, must implement the policy of letting a hundred flowers blossom and a hundred schools of thought contend, must study hard, must be diligent in exploration, must be bold in bringing forth new ideas, must strive to create a new situation in our province's social science work, and must make new and even greater contributions toward making Hubei march in the forefront of the four modernizations. Others attending today's closing ceremony were responsible persons of the departments concerned of the provincial CPC Committee and the provincial government, including (Yu Naiqiang) and (Chen Fusheng), and advisers to the provincial Federation of Social Sciences.

Station Commentary

HK260314 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 22 Mar 85

[Short commentary: "Gear Our Work to the Needs of the Four Modernizations and Make Social Sciences Thrive"]

[Text] The unprecedentedly large-scale third congress of social science circles in our province, where outstanding workers gathered, has successfully concluded. We extend warm greetings to the congress.

Over the past few years, many social workers [as heard] have deeply felt: If the social sciences do not strike their roots deep in the soil of the times, do not proceed from the four modernizations, do not serve the four modernizations, and do not absorb new nutriment from the great practice of the four modernizations, they will become ossified dogma and will lose their own vitality and life.

The several points of views in the thesis written by jurists (Han Depei) and (Li Shuangyuan) on legal issues concerning the termination of certain contracts not only safeguard our country's reputation in international economic contacts but also our country's economic interests and have been cited by the Ministry of Education as a typical example in making the study of the science of law serve the four modernizations.

After the implementation of the suggestions made by experts and scholars of the Department of Economic Management of Wuhan University to the Wuhan Washing Machinery Plant on calling for bids for the production of accessories for the Hehua brand washing machine, marked economic results were made and a new way was found to make improvements in competition and to establish economic contacts with counterpart enterprises. This was affirmed and praised by the State Commission for Restructuring the Economic System.

Practice shows that the creative practice of hundreds of millions of people in building socialism with Chinese characteristics is a profound source for the development of our social science theory. The social science workers' road to serve socialist modernization is very broad. All social science workers who have ideals, ambition, and aspirations, and are full of promise, whether they are young, middle-aged, or old, regardless of what branches of learning, must gear their work to the needs of realities and society and must offer service to fulfill the general task and the general aim of the party in the new period. Thus, the day of the success in the great cause of the four modernizations will surely be the time of the great prosperity of our social sciences.

GUIZHOU CALLS FOR EDUCATION IN COMMUNIST IDEALS

HK221222 Quiyang Guizhou Provincial Service in Mandarin 2300 GMT 21 Mar 85

[Station commentary: "It Is Necessary To Attach Importance to Education on Communist Ideals"]

[Text] In a recent speech at the national conference on scientific and technological work, Comrade Deng Xiaoping expressed the hope that the people throughout the country, young people in particular, will cherish an ideal, have moral integrity and culture, and observe discipline. He stressed that of the four requirements, the most important is cherishing an ideal and observing discipline. The ideal referred to here is communist belief and the noble ideal of fighting for the interests of the whole of mankind.

Comrade Deng Xiaoping restated the guiding thinking of our party and state under the new situation of reform of the economic structure, which is of very profound, realistic significance.

We are now carrying out reform of the economic structure in order to build up a dynamic economy with Chinese characteristics and promote the development of the social and productive forces. The basic aim is to make the country and people rich and to lay a foundation for achieving communism. In the reform, the vast majority of the people inside and outside the party have actively responded to the call of the CPC Central Committee on reform of the economic structure and made achievements in their work. However, a handful of people have only paid attention to the immediate interests of individuals and small groups, but failed to pay sufficient attention to the fundamental interests of the state and people. Some of them have become captives of money and or even violated laws and committed crimes.

Apart from other factors, the appearance of these malpractices are due mainly on the fact that some departments and units have failed to carry out ideological and political work for a long time, cared for money only and not for people, and neglected education on communist ideals. If these malpractices continue to spread and develop, then the people's minds will be seriously corrupted and our country's four modernizations and reform of the economic structure will be seriously hampered. We must pay serious attention to this and all departments must conduct education in various forms among the broad masses -- party members cadres in particular -- on cherishing an ideal.

Party organizations at all levels must constantly conduct education among party members on the party spirit, party discipline, and communist world outlook so that the vast number of party members can cherish a noble communist ideal, properly implement various principles and policies of the central leadership, always bear in mind the glorious tasks entrusted to them by the party and the people, be honest in performing their official duties, fulfill their duties, and fight heroically for communism.

XIZANG MILITARY CURBS CADRES OVERSTAYING LEAVE

HK251432 Lhasa Xizang Regional Service in Mandarin 0500 GMT 25 Mar 85

[Excerpts] Last year, Xizang Military District adopted effective measures to greatly check the tendency of cadres overstaying their leave. It made remarkable achievements in this work. Compared with 1983, the percentage of cadres overstaying leave decreased by 87.5 percent.

Because of the past imperfect system for requesting leave and reporting back after a leave of absence, some cadres have developed the practice of overstaying leave.

Following the establishment of the military district's new leading group in the second half of 1983, however, the military district CPC Committee held that the cadres' practice of overstaying leave is a specific manifestation of anarchist thinking among them. If we fail to check this trend, we would be unable to guarantee the accomplishment of various tasks nor could we fulfill the work of creating a new situation in building PLA units.

Therefore, since the beginning of this year, units throughout the district have included in their party committees' and party branches' agenda the work of checking the cadres' practice of overstaying leave, in connection with the requirements of the regional Military District. Also, the units have regarded this as an important criterion for examining the combat effectiveness of new leading groups. Measures that have been taken by the units at various levels are:

First, the units grasp the work of ideological education, and improve the cadres' self-consciousness about observing regulations and discipline.

Second, the units work out measures to perfect the leave system.

Third, the units focus on typical cases and strictly deal with them. They greatly publicize and commend advanced cadres who observe the system of reporting back after a leave of absence, and given appropriate awards to those who report back before their leave expires, while taking economic and disciplinary measures against those who overstay their leave.

Fourth, the leadership plays an exemplary role.

XIZANG PLA PARTY MEMBERS ON CUTTING ARMY 'FAT'

HK240637 Lhasa Xizang Regional Service in Mandarin 0500 GMT 24 Mar 85

[Text] Party members in the Xizang Military District CPC Committee and organs, discussing the question of cutting Army fat, have proposed that they should be happy to subordinate themselves to the needs of reform. The 11 members of the Standing Committee of the CPC Committee declared: We should consider questions from the angle of the long-term goals of Army building, act with wisdom, give place to others more talented than us, and ensure that talented people are employed. We should promote cadres in the prime of life with ability and political integrity.

Leading comrades of the headquarters, political, and logistics organs, and of the Discipline Inspection Commission of the military district proposed: We should do a good job of work concerning our families and children and ensure that things are not made difficult for the units and the state. (Chen Ying), an old clerk of the propaganda section who carried a knapsack during the war years, said: Although I am still just a clerk, I am a survivor and am lucky compared with those comrades in arms who joined the Army with me and heroically sacrificed themselves. He pledged to happily obey the arrangement made by the organization.

HEBEI TO ACHIEVE RESULTS ON MALPRACTICES BY MAY

HK220431 Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT 16 Mar 85

[Text] Yesterday afternoon the provincial CPC Committee held a mobilization rally of provincial organ cadres to correct new malpractices and further consolidate the fruits of party rectification.

Present were leading comrades of the provincial CPC Committee Gao Yang, Xing Chongzhi, and Xie Feng, and of the preparatory group for the provincial Advisory Committee, the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee, and the provincial Discipline Inspection Committee, responsible comrades of all provincial departments, sections, commissions, offices and bureaus; and cadres above the unit CPC branch secretary level in all the provincial organs, totaling more than 1,400 people.

Responsible persons of the provincial Postal and Telecommunications Bureau, the provincial Economics and Trade Department, and the provincial Construction Bank gave reports on curbing new malpractices in the preceding stage. Provincial CPC Committee Secretary Xie Feng presided over the rally. Provincial CPC Committee Secretary Xing Chongzhi delivered a speech on behalf of the provincial CPC Committee.

His speech was divided into four parts.

1. It is necessary to realize the seriousness of new malpractices and strengthen our sense of urgency in examining and correcting them.

Xing Chongzhi said that the current political and economic situation in the province is good. The first stage of party rectification in provincial organs was a success. However, under this excellent situation, we must also clearly see the existing problems. Since the latter half of last year, there have appeared in the province and provincial organs some new malpractices which have hampered and disrupted reform of the economic structure and they have become more and more serious and spread very quickly. Some malpractices were initiated by provincial organs. In order to solve these problems, the provincial CPC Committee, the provincial government, and the provincial Discipline Inspection Committee have issued more than 10 circulars to notify and warn party organizations at all levels. All units under provincial organs have also done quite a lot of work in this respect, and have examined and corrected quite a few problems. However, we should not be unrealistically optimistic and overestimate the achievements we have made.

2. Leaders are to take the initiative and the whole party go into action to halt the new malpractices as soon as possible.

Xing Chongzhi said that after discussions and study, the provincial CPC Committee demanded that the whole province should achieve remarkable results in correcting the new malpractices before May and the new malpractices should basically be halted and the problems exposed be basically solved. It is necessary to conduct education among party members in party spirit and the party's objectives. Provincial organs should anticipate the whole province and set an example. It is necessary for the whole party to go into action. Leading organs and cadres must first set an example and grasp the problems in their own units so as to halt the new malpractices as soon as possible.

First, CPC groups and branches of all provincial departments and bureaus must organize party members to study relevant documents of the CPC Central Committee and the State Council and the important speeches of the central leading comrades so as to deepen their understanding.

On this basis, a meeting should be held by each unit on examination and comparison. Party members should examine whether they have firmly established the idea of serving the people wholeheartedly, whether they are the first to bear hardships and the last to enjoy comforts or seek private interests by taking advantage of their power, whether they pay attention to overall interests and the overall situation or try every means to seek the private interests of small groups and individuals. They must examine themselves by reflecting on the various new malpractices listed in the document of the Central Commission for Guiding Party Rectification and the Central CPC Discipline Inspection Commission to see what problems exist in themselves, their own units, and their departments. They must tell the truth and never conceal and distort facts. All units of provincial organs must expose all problems before the end of March. Those who refuse to tell the truth should be dealt with severely, and the progress of meetings on comparison and examination should be reported to higher authorities level by level.

Second, party organizations must take up and grasp responsibility level by level. The number one leader of every department and bureau must take up the matter personally and special leading organs should be set up in units where there are more problems. In units where there are new malpractices and no resolute and effective measures have been taken to halt them, it is necessary to affix responsibility to the CPC secretaries of the units.

Third, assign responsibilities to each section and combine responsibilities to regions and departments. It is necessary to bring into full play the role of all responsible departments in conducting supervision and examination.

3. Strengthen education among party members in ideals and discipline so as to raise their consciousness to resist and correct new malpractices.

Xing Chongzhi said that the appearance of new malpractices under the new situation are due to many causes, but the main cause is that some party member cadres have paid less attention to ideals and are lax in discipline. Some people have paid less attention to or even forgotten their general goal, but paid more attention to their private goals and become more and more selfish. Therefore, strengthening education in ideals and discipline is an essential task to correct new malpractices. In correcting new malpractices, it is necessary to widely conduct in-depth education among party member cadres in the party's fundamental aim and to teach them to pay attention to overall interests and the overall situation, and to overcome individualism and departmental selfishness, and the decadent idea of treating money as the most important thing. It is necessary to advocate the idea of working hard and perseveringly and building up the country with industry and thrift and the idea of being the first to bear hardships and the last to enjoy comforts. Efforts should be made to bring about a prevailing habit of treating seeking private interests by taking advantage of one's power and engaging in malpractices as shameful. It is necessary to conduct education among party member cadres on party discipline, administrative discipline, and the legal system. As for ordinary party member cadres who have made the mistake of engaging in malpractices, they should mainly be educated. Provided they truly realize their mistakes and have resolutely corrected them, it will be all right. As for those who have violated party discipline and state laws and made serious mistakes, and particularly those who have knowingly violated party discipline and state laws and refused to mend their ways despite repeated admonitions, it is necessary to severely punish them. Those who have benefited economically should return all their gains and are now allowed to continue their mistakes.

4. Earnestly study and master policies, solve problems in a practical way.

Xing Chongzhi said that in the course of solving problems, on the one hand, we must resolutely halt new malpractices; on the other hand, we must adhere to the correct orientation of the reform, and must not follow the beaten track. We must not only educate the majority but must also severely punish a handful of people who have seriously violated the law and discipline, so as to solve problems and avoid chaos.

Xing Chongzhi reaffirmed several principles and policies to correct new malpractices. First, the general criterion for identifying new malpractices is whether the words and deeds of a Communist Party member correspond with the principle of party spirit. If some people benefit themselves by taking advantage of carrying out reforms and enlivening the economy, seek interests for individuals and small groups, and disregard or even violate the interests of the state and people, this is a malpractice.

Second, as new malpractices involve many fields and people, it is therefore necessary to take clear-cut and resolute measures to deal with them. It is not allowed to turn big problems into small problems and small problems into no problems at all. Active methods should be adopted to curb new malpractices in a steady manner.

Third, it is necessary to seriously straighten out and reorganize various subcompanies under some large enterprises and institutions. If subcompanies sell marketable products in short supply which were originally handled by large companies, do business by taking advantage of some people's power, or seek private gain at public expense, they should be closed down. Those subcompanies which speculate and illegally sell goods to make profits should be closed down. It is permissible for [words indistinct] and unemployed young people to develop industry, communications, and the tertiary industries, but they must have no connections with large companies, carry out business operations independently, assume sole responsibility for their profits or losses, and pay taxes according to relevant regulations.

Fourth, when inspecting work in grass-roots units, leading cadres of provincial organs are not allowed to eat and drink extravagantly using public funds or to accept gifts. If they violate relevant rules and regulations, they should be dealt with according to the relevant rules and regulations of the central leadership. Economically those who supply the idea and take the lead in eating and drinking should pay. Politically those who make serious mistakes in this respect should be given disciplinary punishment.

Xing Chongzhi stressed that the central leadership is resolved to correct new malpractices, so is the provincial CPC Committee. Provided leaders take the initiative, the whole party goes into action, and we adopt resolute and effective measures, it will be possible to correct the new malpractices. (Zhang Keran), secretary of the provincial CPC Discipline Inspection Committee, also delivered a speech at the rally.

TIAN ARTICLE ON NEI MONGGOL UNHEALTHY TRENDS

SK180340 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 17 Mar 85

[Excerpts] On 17 March, NEIMENGGU RIBAO carries an article by Tian Congming, entitled: "Resist New Unhealthy Trends To Ensure Smooth Progress in Reform."

The article states: The central authorities recently pointed out that some unhealthy trends have existed in some localities and departments under the new situation. Some party and government organs and cadres have engaged in trade and run enterprises, abusing their power and positions to buy products in short supply and resell them at a profit in order to seek personal gains or to make profits for a small group.

Some enterprises, instead of improving operation and management to reduce production cost and raise economic results, have increased their income by violating policies and raising commodity prices arbitrarily. Some localities and departments have recklessly issued cash or material awards under all sorts of pretexts. In order to ensure smooth progress in the reform of the economic structure focusing on the urban economy, the entire party must discard and resist such unhealthy trends.

The article states: Since the promulgation of the central decision on reforming the economic structure, the general situation has been good. This is true in the whole country as well as in our region. Reform is absolutely correct. Unhealthy trends cropping up under the new situation are minor issues emerging under an excellent situation, but their harmful influence should never be underestimated. If we allow them to spread unchecked, they will harm the four modernizations and the smooth progress of reform or even cause it to remain unfinished. Therefore, we must be sober-minded. We should verify and handle all unhealthy trends whenever they are discovered. In addition, we should also improve the management system in order to stop such phenomena in the future.

In regard to effectively stopping and guarding against unhealthy trends under the new situation, the article stresses: First, we should organize and guide the people to conscientiously study the decision, comprehensively and correctly understand the essence of the guidelines and distinguish between what is reform and what are interference with and sabotage of reform, and what is meant by enlivening the economy and by damaging the economy. We should clarify them in line with reality. Second, on the basis of investigations and study, we should conduct more concrete analyses and should not simplify our working processes. In the future, all party and government organs and cadres will not engage in trade and run enterprises. We must not be vague on this point. Third, we should strictly observe discipline, especially that formulated in the course of party rectification. The unhealthy trends cropping up during party rectification should not be regarded as general mistakes because the central authorities have issued repeated injunctions. We should not allow people to engage in such unhealthy trends in the course of rectification. Those who refuse to take advice or be educated should be punished according to party discipline. Fourth, we should strengthen ideological guidance. To check unhealthy trends and ensure a smooth progress in reform, we should stress two points. One is to integrate responsibilities, rights, and profits, to break with the big common pot; and encourage the people to forge ahead. The other is ideological education which stresses ideals, style, and morality. These two are interrelated and indispensable.

The article states in conclusion: Presently, we are facing a new test. Whether or not we can withstand such a test depends on whether or not we can rapidly create a new situation in urban reform and whether or not we can check the unhealthy trends cropping up under the new situation. These two are interrelated. At present, only by checking unhealthy trends can we make reform successful. The central principles and policies are clear to all and the key to making it successful lies with us. This depends on whether or not we can comprehensively and correctly understand and grasp the central guidelines, can integrate the guidelines with our actual situation, support right and reject evil in a clear-cut manner, be clear-headed, and start with out departments to grasp ideological work and to work in a down-to-earth manner in order to resist unhealthy trends, to ensure smooth progress in reform, and to consolidate and develop the current excellent economic trends.

SHANXI LOOKS AT PLANNED PARENTHOOD SHORTCOMINGS

HK240237 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 23 Mar 85

[Text] The provincial Planned Parenthood Committee recently invited leading comrades from 28 counties and cities to discuss and study how to transform the backward state of planned parenthood work in some counties.

Since the 3d Plenary Session of the 11th CPC Central Committee, and especially since implementing Central Document No 1 of 1984, Shanxi has created a new situation in planned parenthood work and scored new achievements. The birth rate and natural population growth rate last year declined compared with the previous year. However, viewing the province as a whole, the development of the work is very unbalanced. At present the work is in a backward state in some counties.

Everyone held: The leaders at all levels must pay attention to this situation and take effective measures to grasp planned parenthood in the same way as economic work is grasped. The economy should be promoted while the birth rate declines. If all counties and districts and all units in the province do a good job in planned parenthood work, a brand-new situation in this work can be created throughout the province.

SHANXI PLA GAINS IN NEGATING CULTURAL REVOLUTION

HK230229 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 22 Mar 85

[Text] In the course of party rectification, the CPC Committee and organs of Shanxi Military District have taken effective steps to carry out a thorough education in negating the Cultural Revolution. The whole body of party members are taking part in rectification studies with full political enthusiasm, with the result that rectification is proceeding smoothly.

On 22 March, the CPC Committee of the military district summoned some 300 party-member cadres of the organs to exchange experiences in negating the Cultural Revolution. Leading comrades of the All-Army Party Rectification Office's instruction group stationed in Beijing Military Region attended the meeting.

Since party rectification commenced, the CPC Committee of the military district has actively guided the party members in the organs, on the basis of eliminating the negative consequences of three supports and two militaries, to take stock of their own mistakes during the Cultural Revolution, especially in three supports and two militaries, in close connection with their state of mind. In view of the fact that certain comrades who had taken part in supporting the left held that it was the organization that had dispatched them to support the left and that while supporting the left they had suffered hardship without merit through not retaliating against blows and curses, the CPC Committee applied the method of setting out the facts and discussing the harm done to enable them to understanding the following: 1) That supporting the left was in itself carrying out the erroneous line; 2) that three supports and two militaries had in fact encouraged the growth of factionalism instead of spurring unity between the two mass factions, and that the true essence of supporting the left was support for factionalism; 3) that three supports and two militaries seriously harmed the feelings toward the Army of some local cadres and masses and had an adverse effect on industrial and agricultural production.

In the course of party rectification, the provincial military district CPC Committee has consistently stressed the principle of self-awareness and voluntariness, and guarded against getting entangled in questions of right and wrong regarding problems of history. As result everyone has spontaneously made a total break with the Cultural Revolution in ideological feeling, and this has ensured the smooth progress of party rectification work.

QINGHAI CONFERENCE ON SECOND-STAGE RECTIFICATION

HK240257 Xining Qinghai Provincial Service in Mandarin 1100 GMT 23 Mar 85

[Excerpts] According to QINGHAI RIBAO, the second provincial conference on second-stage party rectification was held in Xining 19-22 March. The meeting seriously conveyed and implemented the spirit of the central conference on second-stage party rectification, reported on and exchanged information in second-stage party rectification in the previous period, and made arrangements for the next step. Huanjiecailang, deputy secretary of the provincial CPC Committee and director of its party rectification guidance group, made a speech on the current progress in party rectification and the next step in the work.

He said: The tasks and focal points of second-stage party rectification remain those of unifying thinking, rectifying work style, strengthening discipline, and purifying the organization, as set out in the central decision on party rectification. However, in light of the current actual situation in the party and the development of the situation, each unit engaged in party rectification, whatever phase the work is in, must spend a concentrated period of time seriously studying and implementing the spirit of the conference on second-stage party rectification convened by the Central Commission for Guiding Party Rectification, regard curbing new malpractices, strengthening party spirit and discipline, and promoting and guaranteeing reform as outstanding focal point issues, and seriously get a good grasp of them. He then gave the following views on doing a good job in second-stage rectification:

1. Regard **resolutely** curbing new malpractices as the outstanding focal point in second-stage rectification.
2. Party rectification must stimulate and guarantee reform. We must fully understand the necessity and urgency of reform, distinguish between the main and side currents, have a clear idea of the goals of reform, uphold the guiding ideology for reform, and correctly understand and handle the relationship between long-term and present interests and between the partial and the whole.
3. Lay stress on enhancing the party members' ideological and political awareness and strengthening party spirit and discipline.
4. Continue to get a good grasp of weeding out people of three categories, and strengthen the building of the leadership groups and the third echelon.
5. Strengthen leadership and set high standards in fulfilling the tasks of second-stage party rectification.

HUANG JINGBO URGES CURBING QINGHAI MALPRACTICES

HK250705 Xining Qinghai Provincial Service in Mandarin 1100 GMT 24 Mar 85

[Text] At a recent meeting held by the provincial government, Huang Jingbo spoke on correcting the new malpractices. He said that when carrying out reforms, we must, on the one hand, take a relaxed attitude and be bold in making innovations; and on the other, we must not violate either the party discipline or the state laws. Instead, we should voluntarily integrate the reform measures taken by our own units and areas with the economic and societal results which are on larger scale. Also, we should take the overall situation into consideration. Once we have accomplished this, the new malpractices will then be corrected.

He said that the malpractices which have developed in the new situation have adversely affected the smooth progress of economic structural reform, as well as the progress of consolidating and developing a good economic situation. We must take effective measures to ensure that orders and prohibitions are strictly enforced.

Governor Huang Jingbo said: When correcting the new malpractices, we must avoid using leftist methods but must act in a truth-seeking manner and with great care. We must not arbitrarily expand the scope of influence. Only when we have checked the malpractices can we really safeguard the initiative of carrying out reforms.

Then, Governor Huang Jingbo expounded on several points which various localities and departments should grasp. That is, we should separate practices of purchase and marketing at the negotiated price and setting a higher price due to high production cost, which are allowed in accordance with the policy, from those of hiking prices and reaping staggering profits. We should separate enterprises which are run by party and government organs for solving the education problems of their workers' children, from those which are run by party and government organs for business sake or seeking personal interests for small groups and individuals. We should separate acts of transporting goods to other distant places so as to promote circulation, from those of withholding products that are in short supply so as to indulge in speculation. We should separate the bonuses which are given in accordance with the regulations of the state from those which are either arbitrarily given and or arbitrarily increased. We should also separate acts of cordial reception in the course of friendly economic contacts with fraternal provinces and cities, from those of being generous at the state's expense, entertaining and giving gifts to guests, and indulging in extravagance and waste under all sorts of pretexts.

SHAANXI PREFECTURE ON UNAUTHORIZED AID REQUESTS

OW241409 Beijing XINHUA Domestic Service in Chinese 1306 GMT 19 Mar 85

[Text] Yanan, 19 Mar (XINHUA) -- The General Office of the Yanan Prefectural CPC Committee and the Yanan Prefectural Administrative Office recently issued a circular calling on various departments under the prefectural party committee and the prefectural administrative office and various counties and cities to stop making unauthorized trips to Beijing to ask various central departments for money and materials.

The circular said: Since the founding of the People's Republic, the CPC Central Committee, and the State Council have always attached great importance to, and shown utmost concern for, Yanan's economic development. To let central leading comrades and various state departments understand in good time the development and changes in Yanan since the convening of the 3d Plenary Session of the 11th CPC Central Committee, the prefectural party committee and the Prefectural Administrative Office held a report meeting on invigorating Yanan's economy in Beijing last year. Leading comrades who participated in the meeting have attached importance to it. Central authorities and various provincial departments concerned have provided us with great support and assistance in materials and funds. To transmit and implement the guidelines of the report meeting and to undertake construction projects will surely play an important role in promoting the economic development of Yanan Prefecture. However, after the report meeting, some counties, cities, and units of the Yanan Prefecture again sent people to Beijing to ask central authorities and various state departments concerned for money and materials, and caused adverse consequences.

The circular pointed out: Except for normal business discussion, all counties, cities, departments, and units of the prefecture must not hold without authorization any discussion meetings or report meetings in Beijing or other places in the name of invigorating economy of their localities or units from now on. Still less should they send people at will to ask various central and state departments for money and material.

The various departments and units concerned should strengthen management of all assistance materials and funds already granted to Yanan Prefecture by various central and state departments, put them in the charge of special persons, pay attention to doing a good job in planning and building construction projects, make best use of materials and funds, and strive to make them play a bigger role in the economic development of the Yanan Prefecture soon.

The circular called on the party and government organizations at various levels to earnestly study and implement the "Decision of the Central Committee of the Communist Party of China on Reform of the Economic Structure," persist in reform, seek progress in the course of reform, constantly overcome the mentality of dependence on materials and money from higher authorities and waiting for financial aid and support from other places, and firmly place the emphasis of economic development of their localities and units on their own strength while actively opening to, and bringing things in from, other places.

The office of the Yanan Prefectural CPC Committee also transmitted the "Circular on Banning Such Activities as Holding 'Hometown Discussion Meetings'," of the General Office of the provincial party committee. The circular said: Since last year, some prefectures and counties of Shaanxi Province have sponsored, in the name of invigorating hometown economy, discussion meetings in such big cities as Xian and Shanghai, and invited cadres from their counties working at other places to participate. Some prefectures and counties use this relationship to ask for money and materials, while others go in for ostentation and extravagance, give dinners and send gifts, causing wastes and very bad influences. It should be pointed out that this is a manifestation of formalism. It fosters provincialism and therefore must be discouraged. The circular calls on various localities to stop sponsoring similar discussion meetings in the name of "invigorating hometown economy" from now on and to stop sending people to use this relationship to ask departments at higher levels for money and materials. Discussion meetings of this nature scheduled to be held in other places or are being held should be canceled and the personnel dispatched to sponsor such meetings should be recalled as quickly as possible. In order to put an end to the seclusion situation, we can invite experts, scholars, technical personnel, and other personnel concerned who are familiar with local conditions to provide consultations and conduct research and discussions on the strategic principle and strategic measures for local economic construction, or on certain projects. But we must pay attention to actual results and must not whip up unhealthy practices to impair the interests of the state and the collectives.

FURTHER ON CHINESE TORPEDO BOAT INCIDENT

Legislator Protests Handling

OW260305 Taipei CNA in English 0249 GMT 26 Mar 85

[Text] Taipei, March 25 (CNA) -- Legislator Tao Jung voiced his protest against the South Korean Government's ignoring the wish for freedom of some of the crewmen from the Chinese Communist Navy torpedo boat now under protective detention in South Korea.

Tao, also a convenor of the Legislative Yuan's Foreign Affairs Committee, urged the government Monday to "aggressively negotiate" with the Seoul government on this matter.

The lawmaker made the statements after learning of South Korean Government spokesman Yi Won-hong's statement that both the boat and the crew, including Tu Hsin-li and Wang Chung-jung who reportedly wanted to seek asylum in the Republic of China, will be returned to Communist China.

Tao said the projected move of the Seoul government not merely destroys its own anti-communist stand, but also ignores human rights and freedom. "It would be against the spirit of justice," he noted.

He called on the government to deal with the problem in a positive manner, so as to help fulfill the freedom-seekers' wishes.

Rights Leader Comments

OW260311 Taipei CNA in English 0245 GMT 26 Mar 85

[Text] Taipei, March 25 (CNA) -- Dr Han Lih-wu, president of the Chinese Association for Human Rights, called on the Republic of Korea Monday not to deal with the problem of the Communist Chinese torpedo boat crewmen in secrecy, stressing that they should be allowed to exercise their free choice as to where they wish to go.

He made the remarks in reference to a foreign wire service report that the Korean Government has decided all the survivors of the defected torpedo boat will be sent back to the Chinese mainland.

The Korean authorities should permit Ambassador Hsueh Yu-chi to meet with the crew members to ascertain their real wishes as to where they want to go. If any one of them doesn't want to go back to the Chinese mainland, but desires to come to the Republic of China or elsewhere, his wish should be respected, Han said.

The human rights leader indicated that he would not believe that the Republic of Korea, a strong anti-communist country, and a good friend of the Republic of China, would sacrifice these freedom seekers in trying to remain on their present terms with Peiping.

In the meantime, the association also cabled the ROK Association for Human Rights and Amnesty International urging them to pay attention to the free will of the crew members aboard the Peiping regime's torpedo boat which defected to South Korea on Saturday.

Envoy Sees ROK Official

OW251145 Taipei CNA in English 0942 GMT 25 Mar 85

[Text] Seoul, March 25 (CNA) -- The Republic of China's Ambassador to Seoul Hsueh Yu-chi called on Korean Vice Foreign Minister Han U-sok Monday to discuss the Chinese Communist torpedo incident.

During the 40-minute talk, the Korean official told Ambassador Hsueh that South Korea will provide all necessary assistance to the crewmen of the torpedo vessel that was towed to the South Korean seaport of Kunsan Saturday morning after having drifted in the Yellow Sea for several hours following a bloody mutiny.

In the meantime, Han said, the Korean Government will continue the investigation. So far, the official added, they have found no political motivation for the mutiny.

Korean Culture-Information Minister Yi Won-hong gave a detailed account of the Red torpedo incident Monday morning. According to Yi, two crewmen of the torpedo staged a shooting while the boat was conducting a one-hour night training exercise. Five other torpedo vessels of the Chinese Communist "Northern Sea Fleet" were also taking part in the exercise off the coast of Chingtao of Shantung Province. The six departed the Chingtao naval base at 18:30 p.m. March 21.

Tu Hsin-li, 20, a radio operator, and Wang Chung-jung 19, a sailor, shot and killed six colleagues on board, including the acting skipper, the political commissar, the chief of the deck, and another radio operator. Crewmen wounded crewmen -- Chang Wei-kung, 24, deputy skipper, suffered an injury on his right shoulder and Chu Cheng-po, 35, chief engineer, received a serious hand injury.

Minister Yi said that the two staged the mutiny because of their discontent with their supervisors. They commandeered the torpedo boat away from the fleet. Having sailed on the public sea for several hours, the vessel ran out of fuel and began to drift.

A Korean fishing boat spotted the vessel, which fired flare-bombs and sent out signals asking for help. The torpedo boat was towed to a South Korea seaport on the evening of March 23 after having berthed off the coast for hours.

Yi said that the bodies of the six were sent to a hospital, and the two wounded men are receiving medical treatment. Other crew members, who were settled in a hotel at Kunsan, have expressed their wishes to Korean authorities to have their vessel repaired and refueled, and to have the wounded treated, and to return to the China mainland as soon as possible.

FURTHER ON TRIAL IN HENRY LIU MURDER CASE

Indictment Expected

OW251059 Taipei CNA in English 1026 GMT 25 Mar 85

[Text] Taipei, March 25 (CNA) -- Military spokesman Chang Huei-yuan said Sunday that the three ranking intelligence officials implicated in the Henry Liu murder case will be indicted this week. In response to a press inquiry, Chang said that military prosecutors have finished their investigation of the three officials and have found that they were involved in the killing of the Chinese-American writer in California last October.

The three officials are Wong Hsi-ling, suspended director of the Intelligence Bureau, Hu Yi-ming, its deputy director, and Chen Hu-men, a department chief.

Sources close to military authorities said that the trial, to be handled by a panel of five military judges, will be open to the public.

Link With Underworld

OW231351 Taipei CHINA POST in English 20 Mar 85 p 11

[Text] Vice Admiral Wong Hsi-ling, former director of the Defense Ministry's Intelligence Bureau, has admitted using a reputed underworld leader as an agent but has denied involvement in his alleged plot to murder Chinese-American writer Henry Liu in Daly City, California, last Oct. 15, the local Chinese-language CHINA TIMES reported yesterday.

Chen Chi-li, 39, alleged leader of the infamous Bamboo Union Gang, charged with the murder of the 52-year-old journalist, has implicated Vice Admiral Wong.

Major Gen. Hu Yi-ming, Wong's deputy, and Colonel Chen Hu-men, a department head, who have also been implicated, denied links to the slaying when questioned on Monday by Judge Chao Kung-heng, who will preside over today's trial of three reputed gangsters charged in the murder of Henry Liu, the newspaper said.

Judge Chao was not immediately available to discuss the report and the Defense Ministry had no immediate comment.

The CHINA TIMES said Chao questioned the three military officials at the Judge Advocates Bureau, which is under the supervision of the Defense Ministry.

Vice Admiral Wong admitted he trained Chen as an agent after the alleged mobster offered to collect intelligence for the bureau through his own network in the United States, the paper said. But the intelligence chief denied discussing Liu with Chen when they first met in July last year at a dinner party hosted by movie director Pai Ching-hui, the TIMES said. Chen never mentioned the murder plot to him, Vice Admiral Wong was quoted as saying.

Major Gen. Hu reportedly told Chao that he never again saw Chen after they were introduced at the dinner party, the paper said. Col Chen, who was reportedly the mobster's director contact in the bureau, also denied any prior knowledge of the murder.

The colonel denied that Chen called him from San Francisco after the murder and that they met at the Chiang Kai-shek International Airport in Taoyuan upon the return of the alleged gang leader from the United States, the CHINA TIMES said.

Confession Links Military

OW231335 Taipei CHINA POST in English 20 Mar 85 p 11

[Text] Chen Chi-li, alleged leader of the Bamboo Union gang, said in a handwritten confession that he accepted the assignment to kill Chinese-American journalist Henry Liu from a top military intelligence officer because the writer was a traitor to the nation.

The MEI HUA magazine, said to be owned by members of the Bamboo Union, in its 44th issue printed the full text of the 39-year-old gangland leader's written confession.

A handwriting analyst has confirmed the authenticity of the writing in a photostat of the document entitled "My Confession," published in the magazine.

The magazine quoted Chen as saying that Vice Admiral Wong Hsi-ling, former director of the Defense Ministry's Intelligence Bureau, ordered the murder of the 52-year-old writer.

In the confession, Chen wrote that he hated Liu because he had defamed the image of President Chiang Ching-kuo in his critical biography of the president.

The underworld boss wrote that Liu had been responsible for unmasking several ROC agents working in mainland China.

According to the magazine, Chen said he never met Henry Liu, but was told the writer was working as a double agent for mainland China and the ROC.

"It was clear that they wanted to sacrifice me since the Intelligence Bureau had many men at its disposal but preferred not to use them (for the killing)," the article quoted Chen as saying. "Director Wong's intention to use me was to free his bureau from any involvement," Chen added.

Cheng Chun-chia, presiding judge at the murder trial, has expressed reservations about the confession. "It's not necessarily authentic," he has said.

A bill of indictment released by the Taipei District Prosecutor's Office on Feb 28, charging Chen with the murder, varied greatly from the confession which appeared in the magazine.

Taipei District Prosecutors Chen Han and Hsieh Wenting yesterday said the confession is null and void, adding that Chen has been indicted and they are in no position to comment further.

Premier Replies to Question

OW221254 Taipei International Service in English 0100 GMT 21 Mar 85

[Text] Premier Yu Kuo-hua testified at the Legislative Yuan Tuesday: The ROC Government has never allied with any illegal organizations or elements since Kuomintang united the country in 1925. He said that Vice Admiral Wang Hsi-ling, director of the Defense Ministry's Military Intelligence Bureau, was acting on his own when he tried to recruit members of the illegal Bamboo Union gang for intelligence work. The premier told the lawmakers that the government absolutely has no connection with the illegal establishment or criminals.

Responding to interpellation by a legislator, the premier reiterated the government's established policy of never compromising, contracting, or negotiating with the Chinese Communists. He said: This guiding principle has been strictly observed. Anyone violating such guideline will be subject to punishment in accordance with the law.

Defense Minister Sung Chang-chih also testified at the Legislative Yuan, declaring that the ROC Government has strictly prohibited intelligence and security organizations to maintain link with underground gangsters. Involvement of a few personnel of the Defense Intelligence Bureau in Henry Liu's murder was a serious mistake.

Minister Sung reaffirmed: No matter how capable Vice Admiral Wang is and how high a position he has held, but if he commits the serious mistake, the ROC Government will punish him in accordance with law in military-court.

MAINLAND INTELLECTUAL PROPAGANDIST DEFECTS

OW260317 Taipei CNA in English 0256 GMT 26 Mar 85

[Text] Taipei, March 25 (CNA) -- A mainland intellectual has successfully sought freedom in the Republic of China after dramatic twists and turns, an authoritative source said Monday, pointing out that this example has opened a new route for future freedom-seekers.

The source said Teng Ke-chin, age over 40 and a native of Kiangsu Province, is a college graduate who had worked in Communist China's political propaganda units. He added Teng is good at writing play scripts and calligraphy.

The source noted that Teng arrived here on March 22, but the proceeding of his voyage to freedom has been kept in secret because concerned agencies here thought Teng's experience might be useful for future freedom-seekers from the communist-ruled mainland of China.

The source pointed out that Teng hails from what the Chinese Communists termed "the black five categories" (landlords, the rich, the counter-revolutionaries, the bad elements, and the rightists) and was purged during the tumultuous Cultural Revolution (1966-76), sowing a seed of discontent with the communist system.

The source said that Teng made use of an opportunity after having being rehabilitated to seek freedom in the free motherland here. But the details will not be known until a news conference to be held Tuesday.

CPC TO HOLD MEETING ON CORRECTING MALPRACTICES

HK221244 Hong Kong MING PAO in Chinese 22 Mar 85 p 5

["Special dispatch from Beijing": "CPC About To Convene Meeting of Senior Cadres To Check on Straightening Out New Malpractices"]

[Text] The CPC Central Committee Secretariat has decided to focus the work of the second-stage national party rectification on straightening out new malpractices in order to smoothly carry out reform of economic structure. This decision has been expounded by Hu Qili on behalf of the Secretariat at the second-stage party rectification work meeting, and is now being implemented.

The decision points out that the party, government, and army organs and leading cadres at various levels must correct their own new malpractices and the malpractices of their own organs first. In particular, the various departments and committees of party, government, and army organs must take the lead and set a good example in the process of straightening out new malpractices. In the last 10-day period of March, the CPC will convene a meeting of the leading cadres of the various departments and committees of party, government, and army organs to check on straightening out the new malpractices, explain the situation, tasks, responsibilities, and the policies and to further mobilize and plan this work.

At present, new malpractices prevail extensively in the country. The worst are that some organs, enterprises, and cadres avail themselves of loopholes in the reform of economic structure to grab ill-gotten wealth, thus infringing upon the interests of the state, the collective, and the masses. According to the analysis of research conducted by relevant departments, the main manifestations of the malpractices are as follows:

-- Party and government organs and cadres use their powers to conduct business and become rich at the expense of the public interest. Especially, some administrative companies adopt the method of setting up branch companies to enable the cadres and staff to become shareholders and enjoy dividends. The branch companies use the funds, ware houses, grounds, and transport facilities of the big companies, and the government organs pay the salaries of the staff of the branch companies and even transfer key professionals to take charge of operations. The manager of a big company is usually the concurrent leading cadre of a branch company. They are making use of their powers and positions to provide favorable conditions for the development of the branch companies in various aspects, thus obtaining ill-gotten wealth at the expense of the country.

-- Illegally buying up materials which are urgently needed by the state, and reselling and rebuying them at a profit. Some party and government organs and cadres illegally buy up vehicles, steel products, and other materials which are urgently needed by the state through various relations and methods, and resell them at a profit and speculate in them.

-- Recklessly raising prices and disrupting the market. Some enterprises do not try to improve their management, operations, or the quality of their products and services, but try to grab illegal profits by recklessly raising prices.

-- Recklessly granting bonuses and material objects and evading taxes. Some enterprises "try to invest as little as possible when undertaking a project, but try to gain as large profit as possible when sharing the profits" and increase their bonuses more quickly than warranted by economic results. When granting bonuses and material objects in large quantities and under different pretexts, these enterprises grant bonuses to all the staff equally.

Some enterprises which have suffered losses or gained small profits often resort to deception, recklessly share production costs, keep the profits which should be turned over to the higher authorities, and even evade taxes in order to grant bonuses and material objects. What is more serious, some units resort to deception and illegally draw money from state revenues for distribution.

-- Recklessly demanding a higher percentage in sharing retained profits, demanding bribes and receiving bribes. Some party and government cadres ask for money or material objects after doing something for the enterprise in selling products and buying materials. "A telephone call means a relation, a piece of information means a handful of money."

-- Suddenly promoting cadres and workers to higher ranks and higher positions and raising salaries, thus disrupting the reform of the state salary system.

HONG KONG CATHOLIC BISHOP BEGINS VISIT TO PRC

HK260343 Hong Kong HONG KONG STANDARD in English 26 Mar 85 p 3

[Excerpt] Roman Catholic Bishop John Wu of Hong Kong began a week-long visit to China yesterday and said his journey would interest Catholics "all over the world."

Wu and his delegation were met at Beijing airport by an official of the Chinese Religious Affairs Bureau, which invited them. The official, Cao Jingru, welcomed Wu as reporters watched, but reiterated China's non-recognition policy towards the Vatican.

The government-supervised Chinese Catholic church spurns all contact with Rome and rejects the authority of the pope.

Wu said he carried no message from the Vatican for Chinese authorities, nor did the Holy See suggest guidelines for his visit.

But he said the outcome of the visit would be of interest "beyond Hong Kong."

"Catholic people all over the world will look with interest on a visit to China," Wu told reporters. "We are not just a delegation from Hong Kong. By virtue of our worldwide contacts, we are part of the world Catholic society."

While in Beijing, Wu is expected to meet leaders of the Religious Affairs Bureau as well as members of the Chinese Catholic hierarchy. He will also visit the Great Wall before leaving for Shanghai, site of a Chinese Catholic basilica.

Earlier in Hong Kong, a spokesman of the delegation, Father Michael Yeung, the director of Hong Kong Catholic Social Communications Office, said the delegation would discuss with the Chinese counterpart the role of the church in Hong Kong after 1997.

The agenda would also include the possible contribution of the church to China's modernisation and the flexibility of co-operation between both parties, he said:

Religious freedom of Hong Kong Catholics and other believers is protected by a Sino-British agreement on the colony, which returns sovereignty to China in 1997.

The pact provides for independence of most existing Hong Kong institutions, including religious institutions, for at least 50 years after 1997.

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